FINANCIAL TIMES

No. 27,705 Friday November 3 1978

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Vorster party cash scandal

South Africa's National Party Government is facing a major crisis over revelations that some £6.7m in public money had been used to finance a supposedly independent newspaper.

Evidence put to a judicial commission indicates that the money came from secret state funds and had been "laundered" through a Swiss bank in contravention of exchange control legislation.

The evidence alleges that John Vorster, former Prime Minister, approved the project. It also implicates two former Information Ministers, one of whom, Dr Connie Mulder, is still in government. Back Page

Rhodesia raids Zambian base

Rhodesia carried out its second air attack on a guerrilla base in Zambia within a fortnight. *Military headquarters refused to* give details but Zambia said the target was a "refugee camp housing black Rhodesian children" about five miles from Lusaka. Page 3

Hospital robbery

Scotland Yard said an Arab price from the Gulf State of Qatar had been robbed of cash and gems worth £150,000 in his suite at the Wellington hospital, *London.*

Blast kills 52

At least 52 people were killed and 21 injured when a gas pipeline exploded at Huimanguillo, south-eastern Mexico. There were two explosions, separated by several hours.

Nuclear vote

Sunday's referendum on nuclear power in Austria, where there has been a populist shift away from support for nuclear energy in the past few weeks, could pose a serious threat to the survival of the Socialist Government. Page 2

Murder bid

Fuad Butros, Lebanon's Defence and Foreign Minister, escaped unhurt from an ambush by Army dissidents in Beirut but five of his bodyguards were killed.

Cosmonauts land

The two Soviet cosmonauts touched down safely in Soviet Central Asia after their record 140 days in space. They were reported in good health after initial checks.

Arabs uncertain

The Arab summit in Baghdad seemed almost certain to postpone action against Egypt for its part in the Camp David peace accords. Pre-summit talks among Foreign Ministers had been unable to agree on firm action. Page 4

Star sell out

The Daily Star, launched in Manchester by Express Newspapers with a print run of just under 1.4m copies, was sold out by 9 a.m. Page 6

'Belt up' Bill

The Government is introducing a Bill to make the wearing of car seat belts compulsory. A similar move two years ago failed on the third reading. Page 10

Briefly . . .

President Carter had an unscheduled meeting with Prime Minister Begin of Israel in New York. Vance talks, Page 4

Sit-in by prisoners at Lewes jail, Sussex, over staff shift changes ended peacefully.

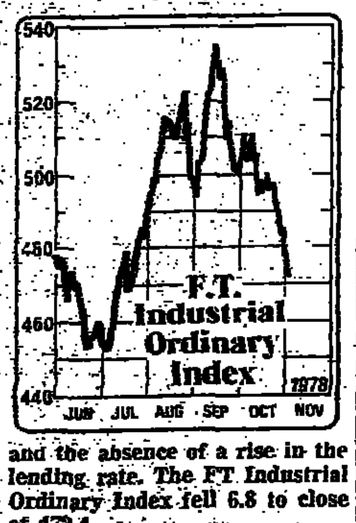
Forty Japanese railway workers arrived for a free holiday in the UK as a reward for "hard work and loyalty."

A plan to kill 2.5m hens in the UK and raise egg prices by 10p a dozen has been dropped through lack of support from farmers.

BUSINESS

Equities and gold weak as £ falls

● EQUITIES fell despite the *biggest rise ever on Wall Street* following President Carter's measures to support the dollar



and the absence of a rise in the lending rate. The FT Industrial Ordinary Index fell 6.8 to close at 472.4...

● GILTS reacted to the Barclays base lending rate rise with losses to ¾ at the close.

● GOLD fell $5⅝ to close at $221¾ an ounce in hectic trading.

● STERLING fell 2.12½ cents to $1.9988. Its trade-weighted index widened to 62.5 (62.3).

● DOLLAR rose to DM 1.8710 (DM 1.8550) and SwFr 1.6005 (SwFr 1.5850). $ depreciation narrowed to 10.4 per cent (11 per cent).

● WALL STREET was 11.35 lower at 816.11 shortly before the close.

● INCREASED demand for sterling with the $ weak last month was mainly reflected in a rise in the exchange rate and after big debt repayments an *underlying inflow of just $107m.* Official reserves fell $540m to $15.97bn. Back Page.

● INTEREST RATES in the UK are expected to increase in the short term according to the forecasts of several City brokers. Page 6

● INSOLVENCIES continued to fall in England and Wales in the third quarter according to Department of Trade figures.

● EIGHT JAPANESE banks have been prevented from participating as co-managers in the $600m credit for 10 years being arranged by Crédit Lyonnais for Electricité de France. Back Page.

● SOUTH AFRICA is to sign a contract soon for a fully electronic telephone system to be supplied by CIT-Alcatel of France and Siemens of West Germany. Page 4

● TWO DUTCH publishing groups, Elsevier and Nederlandse Dagblad-Uni plan to merge. Page 27

● CHINA has agreed to buy at least 1.5m tonnes of steel from Brazil for $500m. Page 4

● HONG KONG LAND has bought a prime office block from Jardine Matheson for at least HK$500m. Page 28

LABOUR

● UNIONS have asked Singer UK to invest an additional £2.3m at its Clydebank sewing-machine plant to save 1,000 of the 2,800 jobs that will be lost in the next two years. Page 5

● PLUMBERS employed in the private contracting industry are to have a 30 per cent pay rise under the first special case deal allowed by the Government's Phase Four pay policy. Page 7

COMPANIES

● HOOVER pre-tax profits for third quarter fell from £949,000 to £325,000 halving the nine months' profits to £4.15m (£8.62m in 197). Page 22.

● UNITED CITY MERCHANTS profits for the year to last June fell to £2.77m against £4.05m previously. Page 22.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Taylor Woodrow	412	+ 12
Wardle (B.)	31½	+ 2½
Anglo Utd. Dev.	218	+ 10
Blyvoor	272	+ 22
Conzinc Riotinto	278	+ 12
Geevor Tin	185	+ 5
Harmony	275	+ 19
Hartebeest	£11⅛	+ ⅞
Northgate Expln.	385	+ 55
Rustenburg Plat.	96	+ 4
Vaal Reefs	£12	+ ⅜
Westfield Minerals	124	+ 10

FALLS

Treas. 9½pc 1988	£88⅛	− 1
Allied Irish Banks	201½	− 11½
BAT Inds.	269	− 5
BICC	124	− 6
Beecham	635	− 8
Brown (J.)	414	− 10
De La Rue	410	− 10
EMI	148	− 6
Electrocomponents	273	− 10
Fisons	316	− 6
GEC	311	− 8
Hoover A	265	− 18
ICL	415	− 11
Ladbroke	159	− 7
Laing Props. A	113	− 5
Land Secs.	225	− 4
Marlborough Prop.	19	− 1½
Martonair	202	− 6
NSS Newsagents	93	− 5
Sunley (B.)	252	− 10
Utd. City Merchants	57	− 5
Berjuntai	230	− 20
De Beers Dfd.	348	− 8
Gold Mines Kalgoorlie	62	− 13

Dollar levels out in nervous markets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY in the dollar ran out of steam yesterday after the sharp rise in the U.S. currency overnight and in early trading. The foreign exchange markets' welcome for the U.S. measures became more qualified and hesitant.

The dollar generally ended the day higher than its previous European close but below the levels touched on Wednesday evening in New York and California.

Nevertheless, last night's closing levels represented a strong advance for the dollar compared with rates before the U.S. action—a rise of 6.6 per cent against the D-mark, of 4.9 per cent against the Japanese yen, of 6.9 per cent against the Swiss franc and of 3.7 per cent against sterling.

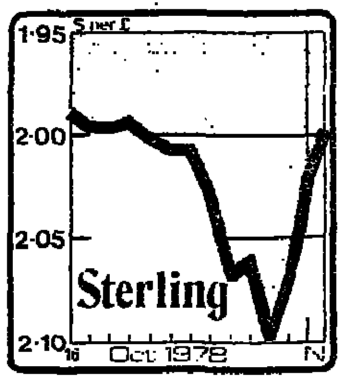
The U.S. moves continued to be welcomed by governments throughout the world. Mr. Takeo Fukuda, the Japanese Prime Minister, described the package as a "wonderful" set of measures. Herr Otmar Emminger, the President of the West German Bundesbank, said the programme showed the U.S. recognised the necessity of attacking the economic fundamentals with inflation taking absolute priority.

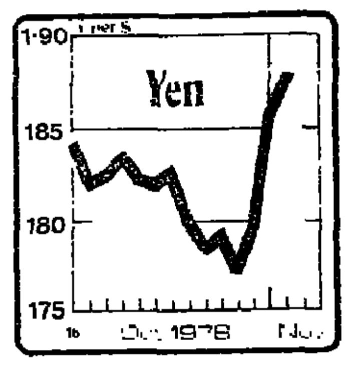
Herr Emminger revealed that the Bundesbank had bought $4bn to support the dollar during October, of which $3bn came in over the last two weeks alone.

The foreign exchange markets' response was more qualified yesterday after its initial surprised welcome. Dealers and bankers referred to the measures as a bridging action, and said they did not believe the measures heralded a large and permanent recovery in the dollar. There

Continued on Back Page

Carter campaign test for policy, Page 2
Money markets, Page 29





Barclays increases base rate to 11½%

BY MICHAEL BLANDEN

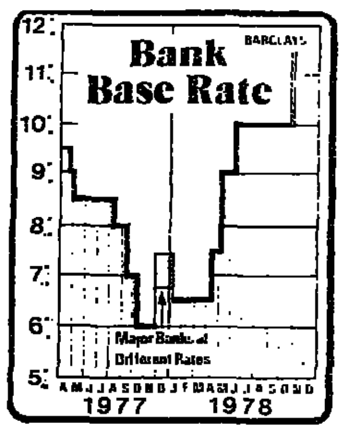
A RISE in the cost of bank loans was led yesterday by Barclays Bank, which announced an increase in its base rate for lending by 1½ per cent to 11½ per cent.

The bank also lifted its deposit rate by 2 per cent to 9 per cent, opening a wide gap over the other banks where Midland is still offering 7 per cent and Lloyds and National Westminster 6½ per cent.

The upward trend of interest rates will bring renewed pressure on the building societies to raise the return offered to their investors and to increase the cost of mortgages.

The other big banks were last night examining the implications of the move. They are expected to follow the Barclays lead, but may raise their lending and deposit rates by less than Barclays.

An increase in overdraft rates was widely expected after the continuing upward pressure on short-term interest rates in the City money markets in recent weeks. This has been



strengthened by the impact of the rises in rates in New York as part of the U.S. efforts to stem pressure on the dollar.

A RISE in the cost of bank loans

The Barclays announcement took the City slightly by surprise, however, because of the size of the increases involved and because it followed the official decision yesterday to keep the Bank of England's minimum lending rate unchanged at 10 per cent for another week.

The minimum lending rate has been held at this level since the financial package in early June.

The increase by Barclays will mean that the top-quality corporate customers will now pay 12½ per cent for overdrafts.

The council of the Building Societies' Association is expected to consider rates at its meeting next week. It is thought unlikely that it will recommend any immediate changes in the mortgage rate, at present 9¾ per cent, or in the deposit rate, which is still competitive at 6.7 per cent net for tax, equivalent to about 10 per cent gross.

The rise in UK interest rates, coupled with the impact of the *news from the U.S. and other uncertainties,* unsettled the London Stock Market. Ordinary share price fell, with the Financial Times 30-share index down by 6.8 points at 472.4, and prices of short-dated gilt-edged stocks lost up to ¼ point in places.

Union officials back Vauxhall's 8% offer

BY PHILIP BASSETT AND ARTHUR SMITH

VAUXHALL MOTORS yesterday put an "improved and final" pay offer, believed to average more than 8 per cent, to its 26,000 manual workers in a clear breach of Government pay guidelines.

The offer will be put to meetings of the workforce expected to take place next week at Luton, Dunstable and Ellesmere Port.

Although Vauxhall has joined Ford in breaking through the Government's 5 per cent pay limit, BL Cars offered its workers yesterday a flat 5 per cent rise, backdated to the beginning of this month. The offer, which depends on acceptance of linked productivity improvements, will be put to a crucial meeting at Longbridge today.

At Vauxhall, national officials, who led the union side of the joint negotiating committee at day-long talks in London yesterday, are effectively recommending acceptance of the offer. Mr. Gerry Russell, executive member of the Amalgamated Union of Engineering Workers, said: "I believe that we have gone as far as we can with these negotiations. We have reached the end of the road. In these circumstances, it is our view that the members have got to accept that position."

Mr. Russell made it clear, though, that this was the view of the national officers of the three signatory unions, the AUEW, Transport and General Workers, and Electrical and Plumbing Trades Union, and not *necessarily* of the trade union side of the joint committee. Union officials from the southern plants are likely to find it acceptable.

The new offer improved the performance-related supplement which had stood at £1.28 or a further 1.75 per cent on the average pay offer of 5.5 per cent.

Neither side would give details of the new figure, but it is believed that the supplement has been increased to £2 a week, which will be consolidated into basic rates in two months' time with an extra 60p a week for skilled workers, subject to performance and output levels being maintained.

The supplement forms the first part of a productivity deal which union leaders have estimated could yield further payments of between 25p and £10 a week. The productivity scheme is likely to give most benefit to workers at the Dunstable truck plant. Workers at Luton and Ellesmere Port may find it difficult to reach the trigger point for the scheme.

The two parts of the productivity scheme will be on top of rises on basic pay ranging from 4.7 to 6.3 per cent for day shift workers, giving new rates of £66.80 to £84.20 for day shift workers and £89.06 to £112.76 for night shift workers.

Vauxhall still faces a crippling strike from November 10 from its 4,000 skilled workers which could seriously affect the vehicle and components production for Vauxhall, Opel and the Japanese car industry.

BL Cars' offer was met with a threat of strike action from today by 4,000 workers at the Drews Lane plant, Birmingham, which supplies steering and suspension equipment ot the group.

Ford approach to incentives Page 20

Mobil ends petrol subsidies

BY SUE CAMERON

MOBIL IS eliminating all subsidies to its 1,340 petrol outlets, bringing the normal price of its four-star petrol to about 80p against the 75p or so at which it is often sold at present.

British Petroleum and Shell said last night that they too would like to stop subsidising their dealers, but both will wait to see if the Mobil price increases stick.

Mobil is believed to be subsidising some 900 dealers by up to 5.5p a gallon. This, it said would cease from 1 am on Monday.

The company had hoped for an all-round increase in the price of petrol for some months. Support for dealers had cost it "several million pounds a year."

There had been a considerable increase in costs in the last few months. Rotterdam spot petrol prices had risen.

"We are desperately hoping that the other oil companies will follow us. We are confident that they will see the sense of stopping dealer support," Mobil said.

BP described Mobil's decision as a "bold move." It had been supporting "many" of the 5,300 BP dealers, 2,102 from the National Benzole section of the BP group, and said it would withdraw subsidies "where this proves possible."

The company said that last year it had made no return on its £500m capital assets related to petrol sales.

Shell, with 6,400 dealers, said it was not making a profit on petrol retailing, and that it would like to withdraw subsidies. It had tried to end support for its dealers earlier this year. The attempt failed because the other oil majors had not followed suit.

Doubts hit bond trading

By Our Euromarkets Staff

THERE WAS DISARRAY yesterday in the primary and secondary markets for international bonds in the wake of the U.S. package to defend the dollar.

Uncertainty over currency movements caused a number of banks which normally make markets in such bonds to curtail temporarily the list of securities in which they were prepared to make prices. Some withdrew completely.

Leading investment bankers were sceptical about the U.S.'s chances of floating $10bn in foreign currency-denominated bonds, part of the U.S. package, in the foreseeable future.

Bankers in the countries with strong currencies, where these bonds would be issued, said that talks on the plan were still limited to Central Banks.

They mentioned that to raise $10bn in Deutschemarks, Swiss francs and yen would mean breaking every record for international bond financing by a large margin.

Bankers were scrambling to *become involved in any issues* that might emerge. Such a series of bonds would be perhaps the most prestigious operation seen in the international bond market.

Officials of Merrill Lynch *Pierce Fenner and Smith* confirmed that extremely volatile trading conditions prevailed in the Eurobond market yesterday, with further "panic" short-covering.

Merrill Lynch claimed that it *had continued to make a full* market in its normal list of bonds, and experienced twice the usual daily turnover.

But in Frankfurt, Commerzbank informed clientele that it was not trading Eurodollar bonds *yesterday, for one day, "due to* the confused situation in the foreign exchange market."

German banks said that under Bundesbank rules they had to compile their Eurobond accounts in D-Mark. This was made *extremely difficult* by the sharp fluctuations in $-DM rate.

Elsewhere some market-making houses were apparently reducing the amount of bonds they were prepared to trade.

U.S. wholesale prices rise

BY JUREK MARTIN, U.S EDITOR WASHINGTON, Nov. 2.

AMERICAN wholesale prices rose in October by 0.9 per cent for the second month in a row, largely because of the sharply higher cost of food.

This constitutes a *severe disappointment* for the Carter Administration, which had been projecting a natural abatement in inflation for the balance of the year. A senior Commerce Department economist described today's figures as "bad, unexpectedly bad."

Even more disturbing for the longer-term outlook was the fact that the indices covering goods at intermediate and crude stages of processing also turned upwards sharply.

President Carter's anti-inflation programme, embracing fiscal restraint and the introduction of voluntary wage and price guidelines, is not expected to show results for several months, assuming it secures *the co-operation* of industry and the trade unions.

The interim period, therefore, could produce some nasty inflation figures. The Administration is bound to argue that this demonstrates further *the imperative* need for co-operation with the new programme, but Labour can be expected to counter by stating that it cannot enter into moderate wage settlements while the cost of living continues to soar.

The October increase in the producer price index (successor to the old wholesale price measurement) means that it now stands 8.6 per cent higher than 12 months ago. The food component has risen *in the same* period by 11.9 per cent. Food prices had been flat in the summer months but began turning up again in September.

However, the figures confirmed that inflation was widespread in *all sectors.* The cost of consumer non-durables, for example, went up by 1.1 per cent in the month, with more expensive petrol, oil, tyres, clothing, shoes and beverages leading the way. Prices of raw materials other than food *also rose sharply in October*—up by 3.0 per cent—nearly twice as much as in September.

When the anti-inflation package was announced last week, Mr. Charles Schultze, chairman of the Council of Economic Advisers, predicted that the overall inflation rate for the full year would be slightly in excess of 8 per cent.

The wholesale price figures normally show up at retail level. In fact, in September, consumer prices went up by 0.8 per cent, reversing the more moderate trend of the summer.

This meant that in the third *quarter* consumer prices had risen at an annual rate of 7.8 per cent, better than in the first half of the year but still apparently too high for the Administration's projections to be met without substantial improvement in the last three months. That improvement now looks problematical at best.

At the same time, it is generally agreed that it will take several months *for* domestic prices to be affected by the strengthening of the dollar on the further exchange markets.

Stewart Fleming reports from New York: Uncertainty prevailed in the U.S. money markets yesterday in the wake of yesterday's package.

While there were widespread predictions that a further increase in commercial bank prime rates and money market rates appeared inevitable, dealers yesterday were watching for Federal Reserve intervention in the credit markets—but none came.

In the bond markets, however, treasury issues were strong and longer-dated corporate issues also retained the gains they registered the previous day.

The main focus of concern now, however, is just how much higher short-term interest rates will go as a result of the Central Bank's decision to require a $3bn increase in commercial bank reserves and to raise the discount rate from 8½ per cent to 9½ per cent.

The last time a full point increase in the discount rate was made was in 1933.

£ in New York

—	Nov. 1	Previous
Spot	$1.9755-9775	$2.0[illegible]
1 month	0.[illegible] dis	0.24-0.16 dis
3 months	0.[illegible]-0.75 dis	0.75-0.45 dis
12 months	2.90-2.40 dis	2.50-2.00 dis

CONTENTS OF TODAY'S ISSUE

FEATURES

EUROPEAN NEWS

UK offered transition role in EMS

BY ROBERT MAUTHNER

PARIS, Nov. 2.

PRESIDENT Giscard d-Estaing of France and Herr Helmut Schmidt the West German Chancellor agreed here today that the UK should be offered similar transitional arrangements to Italy, if the British Government decides to join the proposed European Monetary System (EMS).

The French and German leaders, who had a working lunch here after Herr Schmidt's talks in Siena yesterday with Sig. Giulio Andreotti, the Italian Prime Minister, also confirmed their resolve to set up the monetary system on January 1, 1979.

Herr Armin Gruenewald, West German government spokesman, told journalists after the talks that West Germany and France had "not only reconfirmed that they are ready to set up the [in]troduce it and make it workable from January 1 next year."

He stressed that it was entirely up to the British Government whether it joined the system or not, but made it clear it would consider favourably a request by the UK for transitional arrangements. This point was stressed in a statement to West German television by Herr Schmidt, who said that West Germany and France agreed that countries in "special economic positions" should be given fair treatment.

West Germany and France had agreed that countries with weaker currencies such as the UK and Italy, should be offered wider fluctuation margins than France and the present members of the European currency snake, officials said.

Although Sig. Andreotti yesterday renewed Italy's political commitment to the EMS, officials confirmed that no agreement had been reached in the Siena talks on the margins within which the Italian currency could fluctuate.

The Italian proposal was not acceptable in its present form. Sig. Andreotti and Sig Paolo Baffi, the Governor of the Bank of Italy, who also took part in the talks, had suggested that Italy should be given margins of 6 to 8 per cent, compared with the standard margin of 2.25 per cent to be applied to the strong currency countries, the officials said.

France and West Germany, however, considered these margins too large even for a country with a weak economy, and had agreed to offer Italy 4.5 per cent. If the UK decided to join the system on condition that it was offered transitional arrangements, it could expect to be offered similar terms.

The idea behind the two-tier system is that countries in the mini-snake should move into the super-snake once their economies had improved sufficiently and, if necessary, vice versa.

Nuclear power threat to Kreisky

BY PAUL LENDVAI

VIENNA, NOV. 2.

AUSTRIA'S NUCLEAR referendum on Sunday poses a serious threat both to the survival of the Socialist Government and to the political fortunes of Chancellor Bruno Kreisky. Suddenly, the decision on whether to commission Austria's first nuclear plant, at Zwentendorf, on the Danube about 25 miles north-west of Vienna, has become a highly emotional issue, upsetting all predictions and cutting through political lines.

The unprecedented change in the popular mood has happened in the past six weeks or so. All opinion polls previously had forecast that at least 60 per cent, possibly even 70 to 80 per cent, of the 5m voters would participate in Austria's first plebiscite since 1938. They also predicted a massive vote of confidence in nuclear power. Yet now Government spokesmen constantly refer to neighbouring Switzerland, where only seven of the 37 plebiscites in the last four years have produced more than a 50 per cent turn-out. As the referendum approaches, some Socialist observers even think it may result in a victory for the opposition.

Many people do not even realise that the plant, with an installed capacity of 700 MW, has already been completed, with an investment of Sch. 8bn (£280m).

The central feature of Austria's energy supply is the steadily growing dependence on imports as the gap widens between domestic resources and consumption. Imported energy's share of consumption will rise from 64.3 per cent last year to 80 per cent by the end of the 1980's, according to the latest report by the Austrian Institute for Economic Research.

Most economic experts agree that nuclear power is vital for Austria, with its dwindling reserves of domestic crude, natural gas and hydroelectric potential. The trade unions and industry have also come out in support of nuclear power.

However, the world-wide debate about atomic energy has at last reached Austria. The argument between the advocates of atomic energy and those who point to the hazards of disposing of nuclear waste, radiation leaks, terrorist attacks and pollution has held up the commissioning of the Zwentendorf plant. It has also induced the Government to shelve two other nuclear projects for the time being.

The Socialists and Chancellor Kreisky, despite an absolute majority in Parliament, are wary of taking ultimate responsibility for nuclear power in general and Zwentendorf in particular. Dr. Kreisky, who lived in Sweden for 12 years, from 1938-50, is haunted by the political upheaval there which ended four decades of Socialist rule.

But the Opposition, the People's Party and the right-wing Freedomites, saw their chance in the nuclear controversy, and Parliament last July unanimously agreed to hold a referendum on the law passed by the Socialist majority which gave the go-ahead for Zwentendorf.

The controversy has even split the Chancellor's family: his son, Peter, and his daughter-in-law, who are both political scientists, signed a manifesto opposing nuclear power. An odd coalition has emerged, ranging from the right-wing lunatic fringe and the most bigoted opponents of sexual permissiveness, to the Maoists and the Young Monarchists. The impression of overwhelming support for Zwentendorf has gradually faded. Austrians have become increasingly uncertain, under the barrage of conflicting opinions. Most young people are "against," and wear badges saying "Nuclear power? Thank you, no." The adults have become more and more confused.

Chancellor Kreisky may have committed his greatest political mistake. In a speech to the party congress of the Viennese Socialists, he clearly identified the Socialist Party with a vote in favour of Zwentendorf. A few days ago, he did not exclude the possibility that he would resign if the Government party was defeated in the referendum.

These statements combined to cause a political upheaval. The Chancellor wanted to mobilise the Socialist rank and file, but he also upset those who were for nuclear power but against the Socialists or Dr. Kreisky personally. Editorial writers in leading newspapers emphasised that under these circumstances a non-Socialist could not possibly vote "yes."

Dr. Kreisky, who will be 68 next January, is still by far Austria's most popular politician. But having won three elections in a row, the last two with absolute majorities, he is courting his first political and personal defeat. The odds are still in favour of the Socialists just scraping through, with a slight majority on a very low turn-out. Yet anything has now become possible, even that Kreisky, like Palme in Sweden, might fall victim to forces of fear and parochialism in a country which is already surrounded by 12 operating and 18 half completed nuclear reactors.

Spanish Right in disarray

By David Gardner

MADRID, Nov. 2.

THE RIGHT-WING Popular Alliance (AP) of Sr Manuel Fraga Iribarne has started to splinter following Tuesday's Parliamentary vote of approval for the new constitution.

Eight of the AP's 16 deputies in Congress voted for the constitution, five voted against and three abstained. This followed a vote on the Party's executive which had closely decided to back the constitution by 48 votes to 44.

As a result, there is now the prospect of a regrouping on the Spanish Right — thus increasing a trend which has been continuing since the general elections of June 1977.

The AP was set up before those elections as a neo-Francoist alternative to the present governing party, the Union of the Democratic Centre (UCD). It was based around the personalities of seven former ministers of Gen. Franco, and dubbed the "magnificent seven" by Spain's liberal Press, as a way of underlining its lack of a popular base.

What the grouping did have, however, was effective control over several important city halls, influence in the old "sindicates"—the co-operative unions set up by Franco—and strong support in the municipal administrations of some of Spain's most backward areas, in particular Galicia. But in spite of these advantages, the AP did not split the conservative vote as much as expected, winning only 16 seats against the UCD's 168. This was to a large extent because of Sr. Fraga's record as Interior Minister in the first Government of the monarchy, which saw the massacres of Vittoria in March, 1976, and Montejurra in May, 1976.

The AP's leadership has since fought hard to rid itself of the extreme Right-wing image. Sr. Fraga, for example, caused an uproar in the party last winter when he introduced the communist leader, Sr. Santiago Carrillo into the Club Siglo XXI, hitherto a preserve of the Right. That incident produced the first split inside the AP coalition, when the National Spanish Union (UNE) of Sr. Gonzalo Fernandez de la Mora lost nearly half its leadership. The rift will almost certainly be finally confirmed next Monday, when the UNE meets to decide on its formal separation from AP.

Sr. Fernandez de la Mora voted against the constitution on Tuesday, as did Sr. Federico Silva Munoz, leader of the Spanish Democratic Action (ADE) party, which last night gave notice of its impending rupture with the AP.

Sr. Silva had been party to a project set afoot by Sr. Jose Maria de Areilza, Foreign Minister in the first Government after Franco, to create the "new majority" party on the lines of the British Conservative Party.

Danish deficit may top target

BY HILARY BARNES

COPENHAGEN, Nov. 2.

DENMARK'S balance-of-payments deficit is unlikely to come down to the Government's target maximum of DKr 6.5bn (£646m), according to two forecasts published today, by the Federation of Industries and Copenhagen Handelsbank. The Federation expects a slight deterioration in the deficit, from DKr 7.5bn (£746m) this year to DKr 8bn (£796m) next year, while the bank expects a deficit of DKr 8bn (£796m) this year and DKr 8.5bn (£845m) in 1979.

The Government has said that it intends to bring about a year-to-year improvement in the deficit which was DKr 10bn (£996m) in 1977.

The improvement in the deficit this year is mainly attributable to a very good harvest and a fiscal policy which prevented any rise in real private consumption, according to a federation spokesman. Neither factor will apply next year. Although fiscal policy will remain tight, it will allow for a rise in real private consumption of about 1 per cent, according to both forecasts.

This will contribute to a moderate rise in Gross Domestic Product, expected to increase by 1 to 1.5 per cent this year, and to to 2.5 per cent in 1979. There will be a slight improvement in exports, from a 3 to 4 per cent increase this year to 4.5 to 5 per cent next year, and business investment will also increase slightly faster (from zero this year to 2 per cent in 1979, according to the bank, and from 3 per cent to 4 per cent, according to the federation).

Both forecasts expect a continued stabilisation of consumer prices. The bank said they will rise by 7 to 8 per cent this year and by about 8 per cent in 1979. Prices rose by an average of 11 per cent last year.

Handelsbank concluded that the improvement in the balance of payments has been disappointing. It said it now seems probable that a Government forecast last spring that the deficit would be eliminated only in the mid-1980s was "no horror picture," and that therefore the present deflationary economic policy would have to run until then.

Irish tourism stages a recovery

BY STEWART DALBY

DUBLIN, Nov. 2.

TOURISM in Ireland, one of the country's most important foreign exchange earners, has recovered from the problems caused by the troubles in Ulster in recent years.

The 1977 annual report of the Irish Tourist Board, which has just been published, shows that tourist arrivals rose by 14 per cent and that there was a 32 per cent jump in revenue for the year.

Total visitors were slightly more than the 1.94m recorded in 1969, the previous record year. This year is expected to emerge as an even better one for tourism.

At current levels, tourism accounts for 8.7 per cent of all foreign earnings which is equivalent to 6 per cent of GNP. Revenue for 1977 was £328m.

Tourism in the Republic has been badly hit in recent years by the connotations of violence in the North. Although the number of incidents in the Republic has been limited, visitors fell off sharply in the early 1970s after the 1969 peak. Officials of the Irish Tourist Board believe that the lessening of violence in Northern Ireland was responsible for last year's improvement.

● One of the biggest terelyne towel manufacturers in the United States is to open a new mill in Kilkenny, Ireland, to serve the European market.

The Terry Towel Mill is being built by Fieldcrest Mills (UK), a subsidiary of Fieldcrest Mills Inc. When completed next spring, the 510,000 sq ft mill will be the largest singe Terry Towel production facility outside the U.S. The project is being partly funded by the Irish Industrial Development Authority.

Romanian officials sacked

BY PAUL LENDVAI

VIENNA, Nov. 2.

MR. STEFAN BOBOS, a senior official of the Romanian Communist Party and party secretary of the Piatra Neamt region, has been expelled from the party and dismissed from his job for corruption. His deputy was also sacked.

The two officials are accused, along with two deputy ministers dismissed last month, of illegally building private villas for themselves.

A number of ministers and leading officials have been sacked for misusing their offices and taking bribes in the construction and foreign trade areas but this is the first time that a regional party secretary and full member of the top party body has been found guilty of serious abuses.

President Nicolae Ceausescu, meanwhile, in a speech calling for discipline and order and for savings of materials, fuel and energy, has demanded better control of industrial installations to avoid breakdowns and accidents. He was speaking after an explosion at the Pitesti petrochemical plant in which nine workers died and many were injured. A commission of inquiry has been set up to investigate the cause.

In another development, the party central committee also announced a 5-11 per cent increase in food supplies for the next six months in an attempt to counter rumours about impending bottlenecks in supplies.

President Ceausescu recently revealed that this year's cereal harvest yielded only 19m tons, well short of official targets. The gap between the planned targets and the actual harvests of cereals was 770,000 tons in 1976, 2.5m tons in 1977 and a record 4.2m tons this year.

Space record cosmonauts back on earth

By David Satter

MOSCOW, Nov. 2.

TWO SOVIET cosmonauts today touched down in Soviet central Asia after completing a record breaking 140-day mission in space which should give renewed confidence to the Soviet space station programme.

Col. Vladimir Kovalyonok (36) and Mr. Alexander Ivanchenkov (38) the flight engineer, were reported in good health after the mission which Mr. Vladimir Shatalov their training chief, said had been brilliantly executed.

The fact that the men were able to spend 15-hour days carrying out experiments aboard the Salyut 6 orbiting space station and were successfully visited in the course of the mission by two other crews has led space officials to speak confidently of the future utility of permanent space stations.

Lucas-Ferodo battle at vital stage

BY DAVID CURRY

PARIS, Nov. 1.

A DECISIVE stage will be reached this week in the legal battle by the British motor component group Lucas to prevent the French concern Ferodo taking control of its 49 per cent owned subsidiary Ducellier. Lucas is initiating a double court action to try to quash the acquisition by Ferodo of control of a majority of the voting rights in Ducellier.

On Friday Lucas is due to lodge an appeal against an earlier decision by the Paris tribunal of Commerce declaring itself incompetent to judge the Lucas-Ducellier case. Lucas will also appeal against the refusal of a civil court to sequestrate the disputed shareholding in Ducellier.

At the same time, the British company is coming back to the tribunal to ask it to annul the whole Ferodo acquisition, on the grounds that the mechanism adopted by Ferodo "has no justification, other than to get round the statutory and legal prohibition on the cession of holdings in a company owned collectively without the unanimous accord of associates."

Lucas is pushing its court actions as hard as possible in part with a view to casting doubt on the wisdom of a rights issue being planned by Ferodo to finance a number of acquisitions, including Ducellier. The British company argues that, while Ferodo may control voting rights in Ducellier, it does not actually own one nut or bolt of the assets.

In addition, Lucas is claiming that its own rights to acquire the whole of the capital of Ducellier must be sustained by the court otherwise all pre-emptive agreements in France will cease to have any validity.

The Lucas battle to acquire the whole of Ducellier goes back more than nine months, when Mr Bernard Scott, the Lucas chairman, negotiated the sale (for $26m) of the 51 per cent stake in Ducellier owned by DBA, a French subsidiary of the U.S. Bendix group. Lucas already held the other 49 per cent and the two partners were bound by a pre-emptive sales agreement.

This bid was opposed by Ferodo, which is France's leading motor component group, on the grounds that it would fatally compromise its own growth as a leading power in the national components market. The French Government—tacitly supporting Ferodo—declined to answer Lucas's application for approval of its takeover and urged Lucas and Ferodo to reach a compromise.

Discussions

After long and intense discussions, there occurred the following sequence of events:

1) On September 8 the chairmen of Lucas and Ferodo reached agreement in Paris on a compromise formula under which they would set up a joint 50-50 holding company which would in turn own 60 per cent of Ducellier. Lucas would maintain a 40 per cent direct stake in Ducellier. Lucas gave assurances that it would concede a wide measure of strategic decision-making to the French group.

2) On September 11, the Ferodo chairman informed Lucas that his Board would not accept this compromise. It insisted upon the formation of a holding company in which it would hold 65 per cent and Lucas 35 per cent. Moreover, the holding company itself would control 70 per cent of Ducellier.

(3) At a meeting on September 13 between the two chairmen and senior aides to discuss the situation, Ferodo revised its position and asked for a 50:50 holding company with a 67 per cent stake in Ducellier—enough to deny Lucas a blocking minority. Lucas declined to continue the discussions.

(4) On September 27, it became known tht Ferodo was taking control of Ducellier by means of a device known as a "convention de croupier" with DBA. This mechanism allows a person or company to offload financial responsibility but without conferring management rights in the company concerned.

Ferodo and DBA in fact set up a "shell" company known as a "societe de participation" which has no legal shape to exercise the control of Ducellier. Ferodo held 92.5 per cent in this company which was organised so as to permit Ferodo effectively to control Ducellier's affairs.

Lucas immediately argued that this agreement was no longer acceptable under French law. It went to a judge in chambers, who ordered DBA to produce a copy of the "convention de croupier."

When it had digested this, Lucas went to the Tribunal of Commerce asking for the convention to be quashed on the grounds that it would give Ferodo access to commercial and technological secrets invested by Lucas in Ducellier. The judge said he was not competent to rule on this, since Lucas had already been to the civil court.

Lucas then went back to the civil court to seek the sequestration of the disputed DBA shares, but the court ruled that it had not proved there was a sufficient threat to its secrets to justify the action it sought.

It is in order to challenge these rulings and to ask the Tribunal of Commerce to examine the whole matter of the DBA-Ferodo agreement that Lucas is launching its court actions on Friday.

Unacceptable

A communique issued by Lucas argues that Ferodo's negotiations with DBA were not made known to the workforce of Lucas or Ducellier, and that the mechanism employed for the agreement is unacceptable in law.

"Lucas accepts neither the means employed nor the direction of Ducellier, which is in a joint name, by a third party, to which it has not agreed," the statement reads. "To safeguard its interests and those of Ducellier, it has decided to invoke the courts to seek the nullification of the DBA-Ferodo agreement."

It is difficult to assess the timing for the court actions. The appeal could be heard, at the most optimistic, within weeks, but the Tribunal of Commerce action is likely to take months. Meanwhile, Lucas hopes that the whole question will remain uncertain enough to prevent Ferodo attempting to translate its disputed control of Ducellier into practical direction of its affairs.

FINANCIAL TIMES published daily except Sundays and holidays. U.S. subscription $265.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

AMERICAN NEWS

Probe into U.S. banks' foreign exchange deals

BY DAVID LASCELLES

NEW YORK, Nov.

THE Justice Department confirmed today that it is investigating charges that U.S. banks have been manipulating the price of the dollar in their foreign exchange dealings in Europe, mainly Zurich.

A spokesman said the Department was in the early stages of what he described as "a civil investigation," begun about one month ago, but he refused to elaborate on what it might lead to.

It is reliably understood that the investigation, which is being conducted by lawyers in the Department's anti-trust division, centres on allegations that major U.S. banks used advance knowledge of impending sales of dollars on the European currency markets to take up positions from which they could benefit once the price of the dollar dropped.

The collusion of several banks in such activities designed to push the dollar down could constitute violations of the Sherman anti-trust act which outlaws price-fixing.

Theseactiviti es are also being investigated by committees in both the House of Representatives and the Senate. The interviews are being conducted in private. However members of Congress have been responsible for leaking to the public the fact that the Justice Department was also involved.

One person who is understood to have given evidence to both Congress and the Justice Department is Mr. David Edwards, a former Citibank employee and author of a short story, the Trading Room, which describes in fictionalised form how international banks tip each other off about developments on the foreign exchange markets, and get together to fix a rate for the dollar.

Mr. Edwards says he obtained material for the story while working as a banker in Europe.

Contrary to widespread reports, the Justice Department's inv[esti]gations did not result fro[m] widely publicised court cas[e] which Mr Edwards is suing [the] bank for wrongful dism[issal]. That case centres on sepa[rate] allegations made by Mr. Edw[ards] that Citibank moved curren[cy] among its offices at artif[icial] rates in order to register pr[ofits] at centres which brought [the] greatest tax advantage. Citi[bank] has denied hte charges.

Mr. Edwards is understoo[d to] have been invited to Wash[ing]ton as one of several pe[ople] asked to provide evidence. Investigators asked Mr. Edw[ards] to refrain from discussing [what] happened at those interviews.

● The judge in hte Edwa[rds-]Citibank case has released [Mr.] Edwards from an order w[hich] bared him from discussing [the] case in public. Citibank asked for a publicity ban on [the] case on the grounds that evidence included confide[ntial] commercial informaion.

Carter election campaign tour tests reaction to fiscal policy

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 2

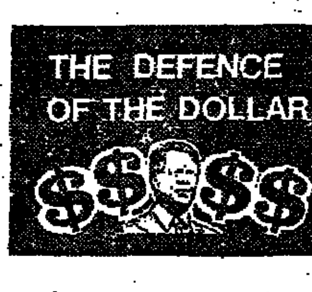
PRESIDENT CARTER left this morning on a six state campaign trip on behalf of Democratic candidates. He should, in the process gain some idea of the impact that his latest moves to defend the dollar and control domestic inflation will have on next Tuesday's mid-term congressional elections.

Political reaction so far to yesterday's initiatives has been almost non-existent. The Republican Party, which was quick to criticise last week's anti-inflation package, has yet to respond. On the other side, Mr. George Meany the trade union leader, predictably and sharply registered his disapproval of higher interest rates.

It is clear that domestic political considerations were not in the forefront of President Carter's thinking when he formulated the latest policy moves. Mr. Hamilton Jordan, his political adviser, was not privy to the intense secret negotiations of the last few days, while the advice of senior Democratic Party strategists that the wage and price guidelines package be postponed until after the mid-term elections was ignored.

As Mr. Meany's objections demonstrated there is a clear risk that higher interest rates, particularly as applied to mortgages, will work against Democrats in next Tuesday's election. Adept Republicans may get some mileage out of claiming that this amounts to more evidence of the bankruptcy of the Administration's economic policies.

But, on the other hand, the sharp surge in the stock market and the recovery of the dollar overseas may persuade the electorate that the President has come up with the sort of dramatic solution they like to see offered by their chief executive. According to the polls, the most popular single solution to the inflationary problem would have been for the President to impose mandatory wage and price controls—not so much because there is the belief that they would have been effective over the longer run but because of the feeling that such decisive action is appropriate for a president to take.



It was clear from conversations earlier this week in Iowa and Minnesota that the problems of the dollar were not directly impinging much on the electroate. Economic debate centred almost entirely on tax cutting and budget pruning as the best ways to cure inflation.

More generally, it seemed that the voters were much more concerned with local issues and personalities than national and international economic and monetary policy. Yet it was [in]triguing to find that local n[ews]papers in the Midwest were m[uch] more inclined to heed Carter's call for support for anti-inflation measures than th[eir] more cynical counterparts in [the] East.

Over the longer term, th[ere] seems rough agreement am[ong] economists that one conseque[nce] of the latest package is to [en]hance the risks of recession [next] year—though the Administrat[ion] through Mr. Michael Blument[hal] secretary of the U.S. Treasury [re]jects this. But it is also felt [that] the trough, if it comes, will [be] less deep than if Mr. Carter [had] delayed acting.

David Lascelles adds from N[ew] York: Giving a useful boost [to] President Carter's anti-inflat[ion] programme, U.S. Railways h[ave] put in for an increase in frei[ght] rates which they say confor[m] to the voluntary guidelines. T[hey] want an average 8.1 per c[ent] rise in rates from December to offset a projected deficit n[ext] year of $1bn.

According to the Associat[ion] of American Railroads, [the] actual yield from this incre[ase] will be equivalent to a rise [in] rates of 7.6 per cent, which f[alls] within the 7.9 per cent ceili[ng]. The discrepancy is due to [the] fact that not all of the high[er] rates would immediately be f[elt].

The AAR did confirm that [the] package rates requested had be[en] put together before Mr. Car[ter] announced his programme. Approval for the new rates w[ill] have to be given by the Int[er]state Commerce Commission.

Japan praises 'concerted action'

BY CHARLES SMITH

TOKYO, Nov. 2

JAPAN wholeheartedly welcomes the U.S. dollar-defence programme because, for the first time in the history of such measures, it adopts the principle of concerted action symbolised by the recent advanced countries' summit meetings. This was stated by Mr. Takehiro Sagami, Japan's Vice-Minister of Finance for International Affairs, in an exclusive interview with the Financial Times this afternoon.

Mr. Sagami, who flew to Washington last weekend for secret negotiations on the package, said Japan had been inexplicably left out of arrangements for joint intervention in foreign exchange markets worked out last March between the U.S., West Germany and Switzerland. This time, however, it had been made clear that the arrangements included Japan.

Japan's participation in the package takes the form of a $5bn swap facility between the Bank of Japan and the Federal Reserve, which Mr. Sagami expects to see "activated" in the near future. Japan had a $2bn swap agreement with the U.S. before this week's package was announced but the U.S. has never made use of the facility. Japan used the facility to support its currency during a period of balance of payments weakness in the mid-1960s.

Mr. Sagami said that the Bank of Japan and other central banks would be operating on a "trial and error" basis in their efforts to stabilise foreign exchange markets in the next few days. Ultimately, however, there would have to be general agreement between Japan, the U.S., West Germany and Switzerland on a "target zone" for the exchange rate of the dollar vis-a-vis the other three currencies — or at least on a floor level for the dollar.

Mr. Sagami said he knew Japanese industrialists wanted to see the yen-dollar rate floating somewhere above $1-Y220. As a Finance Ministry official, however, he could not comment on the "realism" of such a view. All that could be said for the time being was that the dollar was "extremely undervalued."

The Vice-Minister said he thought the U.S. had "played its last" card in defence of the dollar with the announcement [of] the Wednesday package. If [the] measures failed there would [be] no alternative to a retreat [into] protectionism as a means [of] bolstering the U.S. balance [of] payments and ultimately shor[ing] up the exchange rate.

Success or failure of [the] measures would depend [on] whether "underlying trends" [in] the U.S. economy improved ov[er] the next few months, but [Mr.] Sagami said he was optimis[tic] about this—at least as far as [the] balance of payments was co[n]cerned.

The dollar defence measur[es] hopefully, would provide [a] "bridge" to sustain the dollar to the time the foreign exchan[ge] markets were confronted w[ith] evidence of an improving eco[n]omic situation. The strength [of] the bridge depended only par[tly] on the actual amounts of mon[ey] committed to dollar defence [in] the new package, Mr. Saga[mi] said. Some $100bn of "[hot] money" was probably availa[ble] to foreign exchange speculato[rs] but the U.S. bank rate increa[se] had sharply raised the risk e[le]ment in borrowing for curren[cy] speculation.

Provinces take on Ottawa

BY VICTOR MACKIE

OTTAWA, Nov. 2.

CANADA'S 10 provincial Premiers are witholding their support for taking control of the Constitution from Britain until Prime Minister Pierre Trudeau agrees to transfer more federal power to the provinces. Mr. Trudeau wants Canadian control of the Constitution so he can make major changes.

The British North America Act of 1867, Canada's Constitution, is an Act of the British Parliament, and can be amended only by Britain. There have been intermittent attempts to put it under direct Canadian control since 1927.

Canada must either ask Britain to re-arrange power on federal and provincial levels, or assume control of amendment powers itself.

Mr. Trudeau's discussions on the Constitution with the 10 provincial Premiers ended with an agreement to meet again on February 5 and 6.

The tenth constitutional conference — they have been taking place since 1927 — reached no conclusions on constitutional reform, deciding instead to refer the problems to a Constitution Committee comprising federal and provincial Ministers, assisted by officials. The committee will submit its report in three months.

Trudeau said he was disappointed at the failure to reach agreement and put most of the blame on Premier Rene Levesque of Quebec.

Mr. Levesque made it clear to the closing session on Wednesday that his province firmly opposed any efforts to take control of parts of the Constitution from Britain.

Quebec will also oppose any amending formulae until it receives substantially increased legislative powers.

The Quebec Premier said his Government would never accept an "ultimatum" making a new division of powers contingent on Canadian control of the Constitution and an amending formula.

The conference failed to reach agreement on several tough issues: including a charter of human and linguistic rights in the constitution; reforming the Spring court; and limiting Federal powers over natural resources. These issues will all be considered by the committee.

Canada's reserves rise $1.43bn

By Robert Gibbens

MONTREAL, Nov. 2.

CANADA'S official reserves ro[se] U.S.$1.43bn during October [to] U.S.$5.1bn M. Jean Chretien th[e] Finance Minister announced.

Most of the increase w[as] accounted for by the Feder[al] Government's most rece[nt] U.S.$750m bond issue in the U.[S.] and a further drawdown [of] U.S.$300m from the Gover[n]ment's standby credit with Can[a]dian banks.

The difference of U.S.$400[m] was made up by the Bank [of] Canada's ability to buy U.[S.] dollars in the market late in th[e] month as the pressure on th[e] Canadian dollar eased.

The Government has no[w] drawn U.S.$1.4bn of th[e] U.S.$2.5bn line with Canadia[n] banks an dabout U.S.$1bn of th[e] U.S.$3bn line with the U.S. an[d] other foreign banks.

U.S. COMPANY NEWS

IBM trading suffering from inflation: IC Industries expects increase in earnings; Diamond Shamrock in $330m deal—page 26.

OVERSEAS NEWS

IMF delay puts further pressure on Somoza

BY HUGH O'SHAUGHNESSY MANAGUA, Nov. 2.

U.S. FINANCIAL pressure on General Anastasio Somoza, the Nicaraguan President, was increased yesterday when, at Washington's suggestion, the International Monetary Fund decided to postpone for two or three weeks Nicaragua's application for assistance under the compensation finance scheme.

This is the second postponement of the application and involves some $20m which the Somoza Government is claiming because of a drop in its cotton export earnings last year.

Dr Roberto Incer Barquero, the Nicaraguan Central Bank chairman, last night accused the U.S. Government of flagrant violation of the principles and aims of the IMF.

The latest postponement of the Nicaraguan application comes at a crucial time for the Somoza Government which is seeking financial help to shore up an economy which was badly damaged by the insurrection in August and September. The regime is trying to overcome Government cash shortages and to defend the fragile national currency, the cordoba, which has an official exchange rate of seven to the dollar.

In September, Government income from sales taxes was down substantially. Receipts totalled just over 3m cordobas as against 10m cordobas in the same month of last year. Customs receipts in (September) totalled only 17m cordobas as against 48m in September 1977.

Currency operators here are offering 9 cordobas to the dollar on the black market and, with the recently-announced exchange controls, it is difficult to sell cordobas abroad. "The currency is virtually worthless outside the country," one diplomat said yesterday.

The latest pressure on the Somoza (Government) came as the U.S.-sponsored mediation commission prepared to meet Gen. Somoza this afternoon to hear his reply to opposition proposals that he and his family should leave the country and that democratic elections should be held. The Somoza family has dominated Nicaraguan politics since 1934.

Venezuela oil price rise

CARACAS, Nov. 2.

VENEZUELA WILL raise the price of some of its oil exports as a result of Iran's forced cutback in petroleum production, according to sources in the oil industry here.

Venezuela, however, does not have the capacity to increase its exports to help fill the vacuum caused by the drop in Iran's production, Mr. Everett Bauman, a former oil company executive and now a columnist for the English language newspaper the Daily Journal, noted in an article in Thursday's edition, reports AP-DJ.

"Venezuela will not increase prices for oil sold under contract to its traditional clients, but incremental buyers will have to pay the market price, which is expected to go up sharply," Mr. Bauman said, citing officials in the industry.

Meanwhile it was announced that Venezuela a key supplier of petroleum to the U.S., could be producing oil on a commercial scale from its continental platform within 36 months. Sr. Juan Jose Navarrete, Vice President of Corporacion Venezolana del Petroleo (CVP), said the company's offshore activities, scheduled to start next week, call for a production test in the Golfo de la Vela, off Venezuela's northwestern coast. He said that the efforts *there could lead to commercial* output within two to three years.

Reuter adds from Tokyo: Mexico will not follow any decision by OPEC to stop oil exports for political reasons, Sr. Jose Lopez Portillo the Mexican President told a press conference in Tokyo.

Mexico, which is not an OPEC member, will abide by its contracts to supply oil to foreign countries in the event of an embargo by the Organisation, he said.

Union Jack lowered in Dominica

BY TONY COZIER BRIDGETOWN, Nov. 2.

DOMINICA, the 290-square-mile island in the eastern Caribbean, becomes the world's newest independent nation at midnight tonight at a special ceremony at a sports ground in Roseau, the capital—triggering a chain reac*tion which should result in the* four other remaining British Associated States in the Caribbean following suit within the next year.

Princess Margaret, representing the Queen, handed over the constitutional instruments on behalf of the British Government during an open air meeting of the House of Assembly at Windsor Park this morning. The lowering of the Union Jack after almost 200 years of British colonial administration and the raising of the new Dominica flag was scheduled for midnight.

The island-state will be, literally, the "newest "banana republic" in the Western hemisphere. It has decided to adopt a Republican form of government with the former Speaker of the House of Assembly, Mr. Fred Degazon, appointed as head of state. His role will be purely ceremonial since political power will be held by Mr. Patrick John, the Prime Minister, a 37-year-old moderate socialist who has headed the ruling Labour Party since 1974.

Dominica's economy is heavily dependent on its banana industry which earned East Caribbean $18.3m (£3.33m) in exports last year. Some 90 per cent of production is shipped to England through a marketing arrangement with Geest Industries of Spalding, Lincolnshire.

The small, dingy capital is bursting at the seams with invited guests. With only two major hotels and a few guest houses, every room is taken and community leaders have made space available at their homes. Mr. Ted Rowlands, Minister of State at the Foreign and Commonwealth Office, who chaired the independence talks, is representing the British Government.

Britain has agreed to provide £10m in development assistance to Dominica after independence, the first half on grant terms, the second as an interest free loan for repayment over 25 years. It will also continue its programme of special financial assistance until 1981.

Mr. John has criticised the level of assistance and has said that Britain should give ten times that amount in compensation for its lengthy term as colonial power. He sees independence as a means of attracting development capital from international lending agencies.

SECOND RAID ON ZAMBIA

Rhodesia bombs ZAPU camp

BY MICHAEL HOLMAN LUSAKA, Nov. 2.

RHODESIAN AIRCRAFT today bombed a Zimbabwe African *People's Union (ZAPU) camp six* miles west of Lusaka in their second raid in the area of the Zambian capital within two weeks.

A Government spokesman said the Rhodesian air force "again bombed a refugee camp for children from Zimbabwe" and promised further details later. However, first unofficial reports speak of over 100 unidentified men receiving treatment at Lusaka Hospital, with no evidence so far that children are among the wounded.

The attack, involving between two and four jets, according to eyewitness accounts, began shortly after two o'clock, and left a thick column of smoke. Thousands of city workers began lining the route in expectation of casualties, and police closed the road to civilian traffic.

The diplomatic consequences may be as devastating as any loss of lives. Despite the earlier raids there were signs that some Zambian Government officials were prepared to advise Mr. Joshua Nkomo, the ZAPU leader, to attend all-party talks on Rhodesia on the basis of the modified Anglo-American terms.

Today's attack is likely to lead to a repeat of the guerrilla leader's bitter denunciation of Mr. Ian Smith, the Rhodesian Prime Minister, and a renewed rejection of an all-party conference. For President Kenneth Kaunda of Zambia the raid under*lines his admission that Zambia* is virtually defenceless in the face of the Rhodesian armed forces. Mr. Nkomo is believed to have arrived back in Lusaka today from Budapest.

Last week the first consignment of British military aid to Zambia began arriving. It includes Tiger Cat ground-to-air missiles, anti-aircraft guns and small arms. Informed sources said that the equipment—provided on condition that it was used solely for defence and around Zambian towns—had not yet been installed.

There are two camps for refugee Rhodesian children in the area, known as J. Z. Moyo and Victory Camps, the former holding some 11,000 school-age boys, and the latter half as many girls. But a Red Cross official who visited the camps today after the raids said they had not been attacked. Diplomatic sources believe that there may be a ZAPU *military installation in the area* and do not rule out the possibility that it was the guerrilla's military headquarters.

● **Tony Hawkins adds from Salisbury:** Rhodesian Combined Operations Headquarters announced that the airstrike had been against a "newly-identified" guerrilla target. "The attack was carefully planned to ensure that a minimum threat was posed to Zambian life or property and was carried out with pinpoint accuracy," the official communique said.

Mr. Smith said at the weekend that Rhodesia would continue to attack guerrilla camps inside Zambia, despite adverse international reaction to last month's raids and despite the British airlift of arms to Zambia.

Combined operations said that in the past 24 hours, 54 blacks had died in the guerrilla war inside Rhodesia. Rhodesian forces had killed 17 guerrillas, 13 guerrilla collaborators, a guerrilla recruit and a cattle rustler. Seven black civilians had died in crossfire and guerrillas had murdered 15 black civilians.

Martin Dickson adds: In London, Dr. David Owen, the British Foreign Secretary, told Parliament that the military aid Britain is providing for Zambia will cost the UK about £10m. He also disclosed that Britain is providing Zambia with £20m as an advance payment for copper purchases which are expected to be shipped to the UK in 1980. The money is designed to help Zambia with its grave foreign exchange difficulties and is, in effect, an interest-free loan.

Meanwhile, the Common*wealth's Southern Africa Commit*tee has decided to ask Britain, the U.S., France, Iran and other interested Governments to demand guarantees from South Africa that it will supply no further oil to Rhodesia. If no guarantees were forthcoming, an attempt should be made to impose oil sanctions on South Africa, the committee said.

South Africa to emphasise growth

PRETORIA, Nov. 2.

MR. OWEN HORWOOD, South Africa's Finance Minister, said today that the Government is examining the question of taking further action to stimulate the economy.

He said the views of the various chambers of commerce were being studied. If reappraisal indicated that further measures were necessary, the Government would not hesitate to take them.

Mr. Horwood declined to discuss what measures he might consider, but he said that for the first time i three years the economy was undoubtedly in a beter phase. "We will now be able to put more emphasis on gordth." As things stood and in inflation, "We can now cerhaving regard for the need to maintain a sound balance of payments an a further reduction tainly look forward to a better growth rate."

Mr. Horwood also said the time had come for round-table talks to reappraise the role of gold within the International Monetary Fund's new articles. He had put the idea to various people in Europe and, because of the interest expressed, he intended to pursue the matter.

● The Phillips Petroleum Group drilling off Ghana has encountered oil and gas at its South Tano 1-X well, 20 miles from the coast. An official in London said future plans awaited fuwll analysis of test results.
Reuter

INVASION OF TANZANIA

Internal troubles drive Amin to war

BY MARTIN DICKSON, AFRICA CORRESPONDENT

WHATEVER ELSE may lie behind President Amin's invasion of Tanzania, it seems in large measure the product of disturbances in Uganda aimed at the Amin regime—at a time when the Ugandan economy is suffering from a series of substantial setbacks. But, although predictions about Ugandan affairs are fraught with difficulties, the present events do not seem to be a major threat to President Amin.

On the contrary, this week's occupation of the Kagera salient, in north-west Tanzania, by 2,000 to 3,000 Ugandan troops would appear to indicate the wayward dictator's strength.

With Uganda now claiming to have annexed the salient, the two countries could be starting a lengthy tussle for this tract of bush. Ugandan troops appear to be dug in on a good defensive line north of the Kagera River, and to be showing no signs of budging. Tanzania is sending reinforcements up towards the area, but it faces major difficulties in mounting a counter-attack, since the border region has poor communications with the rest of Tanzania.

For some time before the invasion, Uganda had been claiming it was fighting an invasion by Tanzanian *forces. It is now* widely believed that this story was a smokescreen to hide the real reason: a battle in southern Uganda between soldiers loyal to Amin and dissident troops.

What provoked it remains unclear. According to one version, the Commander of the Simba battalion, based at Mbarara, may have started fighting other troops in the battalion when he suspected he was going to be relieved of his command. According to another version, Nubian troops of the battalion may have revolted because of their loyalty to Vice-President Mustafa Adrisi, who appeared to fall out with Amin earlier this year and was injured in a mysterious car accident.

What ever the cause of the fighting—and it may well have been a pre-emptive strike by Amin against dissidents, rather than a spontaneous rising—soldiers loyal to the President have now carried mopping-up operations across into an area of Tanzania where many Ugandan exiles live. Amin seems to be using the invasion both to hit at them and to warn the Tanzanian Government against supporting groups aiming to overthrow Amin.

All this is taking place against a background of substantial Ugandan economic problems, many of them concerning coffee, which provides some 90 per cent of foreign exchange earnings. The world boom in coffee prices after the 1975 Brazilian frost gave Uganda two years of high profits. These have now come to an end, as the price of robusta coffee has fallen from a peak of £4,232 a ton early last year on the London futures market to £1,424 now.

Even at this lower price, the returns to the Kampala Government are reasonable—not least because the prices the Government pays peasant producers remain low—but President Amin does have far less foreign exchange with which to keep the dreadfully run-down Ugandan economy ticking over, and to keep his soldiers happy and loyal.

Furthermore, Uganda has been having major difficulties in exporting its coffee. President Amin has accused the Kenyans of making it difficult for Uganda to move the crop along its traditional export route to Mombasa, a charge denied by Kenya. However, the Kenyans' insistence on advance payment for using its railways and Uganda's shortage of foreign exchange have reduced the flow of coffee to Mombasa.

For some time, Uganda was airlifting much of its coffee to Djibouti, but this seems to have *stopped in August or September,* apparently because the Kampala Government was not paying its fuel bills.

Ugandan troops dug in

BY OUR OWN CORRESPONDENT NAIROBI, Nov. 2.

NEARLY 3,000 Ugandan troops are dug in along the line of the Avera river, west of Lake Victoria, as Tanzania continues to mobilise its forces, apparently in preparation for a military push aimed at dislodging the Ugandans from the 710 square miles of Tanzanian territory they now occupy.

Uganda announced last night **it had annexed the salient west of Lake Victoria, to which it has a long-standing claim, in an operation which it reported took only 25 minutes.**

Uganda has long taken the view that the line of the Kagera river is a natural border between the two states, and says the inhabitants of the 710 square miles (estimated at about 2,000 small farmers and fishermen) are now subjects of the Conqueror of the British Empire—the title President Amin assumed last year when the last British diplomats in Uganda were withdrawn.

OVERSEAS NEWS

Arab leaders expected to delay action against Sadat

BY ROGER MATTHEWS

BAGHDAD, Nov. 2.

THE SUMMIT meeting of Arab heads of state here tonight is almost certain to postpone any decision on action against President Anwar Sadat of Egypt. Despite fairly general agreement that the Camp David agreements signed in September by Egypt, Israel and the U.S. are not a satisfactory basis for a comprehensive peace, the preparatory three-day meeting of Foreign Ministers, which ended this morning, was unable to make firm policy recommendations for the leaders.

There have also been difficulties over the size, and method of contributing to, a massive aid programme for the front-line Arab states. Iraq, which has been playing an uncharacteristically moderate role in recognition of its position as host nation, has suggested a figure of around $9bn, although that would include a substantial amount to tempt Egypt not to sign a separate peace agreement.

However, some support for Syria, Jordan, the Palestine Liberation Organisation (PLO) and, to a lesser extent, Iraq, will probably be accepted by the heads of state. They are also expected to endorse a financial programme to assist in reconstruction in Lebanon.

Another virtual certainty for the final communique will be a statement reaffirming the decision taken at the 1974 Arab summit in Rabat to recognise the PLO as the sole legitimate representative of the Palestinian people. This, while of some political significance after Camp David, falls far short of PLO demands. Of nearly equal importance will be the meetings that will take place, outside the formal summit, between Mr Yasser Arafat, the chairman of the PLO, and King Hussein of Jordan, about the conditions for bargaining on behalf of the Palestinians living on the West Bank and the Gaza Strip. The U.S. has been strongly urging King Hussein to take part in the Camp David process.

Ihsan Hijazi adds from Beirut: Abdel-Halim Khaddam, Syria's Vice-Premier and Foreign Minister, has warned that Syria and other Arab states will enter a defence alliance with the Soviet Union if the summit fails to deter Egypt from concluding a separate peace treaty with Israel.

Mr. Khaddam was reported to have issued his warning when argument heated up between moderates, led by Saudi Arabia, and Arabs insisting on strong action against both the Camp David agreements and President Sadat.

According to accounts published here of the deliberations, Mr. Farouk Kaddoumi, the head of the PLO delegation, told Saudi Foreign Minister Prince Saud Al-Faisal: "If no effective Arab stand is taken now against the Camp David accords, Israel will not stop until it reaches Mecca and the Saudi oilfields." Prince Saud replied: "Mecca is protected by Allah, and the oilfields are defended by our soldiers." Mr. Kaddoumi remarked: "The same thing was once said about Jerusalem."

Vance-Begin talks on vital issues

BY DAVID BUCHAN

WASHINGTON, Nov. 2.

THE VEXED ISSUE of Israeli settlements on the West Bank of the Jordan and an Israeli request for the U.S. to pay a major proportion of the cost of withdrawing from Sinai, are expected to figure prominently in talks in New York today between Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Menahem Begin, the Israeli Prime Minister.

Mr. Moshe Dayan, Israel's Foreign Minister, yesterday billed the meeting as important because his negotiating team in the peace treaty talks with Egypt had reached the limit of its mandate, and several of the remaining points at issue could only be resolved by the Prime Minister.

The crucial issue is to find an agreed way of linking the proposed Egyptian-Israeli peace treaty with progress towards a wider Mideast settlement that includes autonomy for West Bank Palestinians. President Anwar Sadat of Egypt needs such a link to prevent his total diplomatic isolation from his fellow Arab Heads of State who are meeting in Baghdad today.

Israel is reported to be asking the U.S. for up to $4.5bn to meet the cost of pulling its forces out of Sinai, redeploying them, and resettling Israelis established there since 1967.

The U.S. has, in addition, agreed to help Israel, both financially and technically, to build two new air bases in the Negev to compensate for those it would abandon in Sinai.

While some U.S. officials privately regard such a request as excessive, the Administration is not expected to quibble about money with Israel, if all the other diplomatic snags can be sorted out. The Carter Administration has already shown it is willing to spend substantial sums in furtherance of a Mideast settlement, with large amounts in this year's Foreign Aid Bill going to Egypt, Israel, and even to Syria.

Indian poll tension rises

By K. K. Sharma

NEW DELHI, Nov. 2.

TWO BATTALIONS of armed police under the control of the Indian Government are to be sent to the constituency of Chikagular in Karnataka state.

Tension is high in the region following the death of two persons, including a girl student, in firing by the local police. Police opened fire during campaigning by supporters of Mrs. Indira Gandhi, who is contesting a Parliamentary by-election.

Hanoi leader in Moscow

BY DAVID SATTER

MOSCOW, Nov. 2.

MR. PHAM VAN DONG, the Vietnamese party leader, began talks today with Soviet leaders on prospects for further co-operation and on the tense situation on Vietnam's frontiers with China and Cambodia.

Mr. Dong was received by Mr. Leonid Brezhnev, the Soviet President, and Mr. Alexei Kosygin, the Prime Minister.

Tass, the Soviet news agency, said conditions existed for the expansion of Soviet-Vietnamese ties in all fields.

The two sides noted "with concern" various "negative movements" in the international situation, in south-east Asia and the Far East and endorsed a policy of "repulsing aggressive ambitions and attempts at rude pressure on independent states."

Tass said the talks were taking place in an atmosphere of "cordiality comradely frankness and mutual respect."—a formula which indicates some disagreement.

WORLD TRADE NEWS

Chinese agree on steel terms with Brazil

By Diana Smith

RIO DE JANIERO, Nov. 2.

CHINA has agreed to buy at least 1.5m tonnes of steel at a value of $500m from Brazil.

This amount covers the first three years of a five-year term set in the memorandum of intent signed on Wednesday by the Chinese Metal and Mineral Corporation and Brazil's Siderbras, the state steel agency, and Consider, the Brazilian state council for steel and non-ferrous metals.

The first shipment will be made in early 1979. A total of 500,000 tonnes of semi-finished steel products, heavy and medium sections, tubes, wires and special steel will be shipped to China next year by either state-run or privately-owned Brazilian steel companies.

Brazil faces heavy competition from Japan and Western Europe, who are likely to supply the bulk of the 10m tonnes of steel China needs to import. During the three and a half week that the Chinese Metal and Mineral Corporation mission has been in Brazil visiting steel and iron-ore installations, Brazilian steel producers have sought to persuade the visitors that local steel products can hold their own in quality, variety and delivery dates.

Yesterday's memorandum of agreement is considered an excellent start to a new relationship, since it leaves room for further deals above and beyond the initial 1.5m tonnes.

The Brazilians also hope to sell up to 15m tonnes of iron-ore to China on a long-term contract.

Australia may provide farm equipment

By John Hoffmann

PEKING, Nov. 2.

CHINA HAS issued a strong signal that it will look to Australia for much of the equipment and technology needed for its agricultural modernisation programme.

Officials in Peking yesterday told the Australian Deputy Prime Minister, Mr Doug Anthony, that they were interested in Australia's capacity to produce machinery similar to that now on show at China's first international agricultural equipment exhibition.

China's basic agricultural plan is to increase food-grain production from a present level of 260m 1985. tonnes a year to 400m tonnes by

A little more than 10 per cent of China's land is well watered and under intensive cultivation.

S. African phones order for France and Germany

BY QUENTIN PEEL

JOHANNESBURG, Nov. 2.

SOUTH AFRICA has committed itself to a fully electronic telephone system, which will be supplied by CIT-Alcatel of France and Siemens of West Germany.

A contract is expected to be signed shortly, after almost a year's delay caused by South African fears of potential boycotts affecting supply of the equipment.

Although no value has been put on the contracts, the South African Post Office is expecting to spend up to R3bn (£1.7bn) on switching equipment over the next 15 years, and up to R4bn on all capital equipment in the next 10 years.

The decision to adopt CIT-Alcatel's E10 system, as well as Siemens' EWS-D system, follows the decision to abandon an order for Siemens electro-mechanical CP44 switching system, originally made in 1975.

The decision was announced by Mr. F. W. de Klerk, the Minister of Posts and Telecommunications, on his return from a tour of European manufacturers.

Commitment to the French and German systems was dependent on an agreement to manufacture all the necessary equipment in South Africa, as a protection against sanctions, and this appears to have been reached.

It is understood that production will be divided between the equipment manufacturing companies already operating in South Africa, including Siemens itself, Fulmen Africa, CIT-Alcatel's subsidiary, and Telephone Manufacturers of South Africa (TEMSA), jointly owned by Plessey and GEC.

The first exchanges to be equipped with the new equipment will come into operation in the latter part of 1980, the Post Office has announced, and orders will be placed soon.

Senior Post Office officials confirmed today that sufficient guarantees over supplies had been given by the manufacturers to enable the orders to go ahead. They have also reached agreement on involving the other local manufacturers in the overhaul of the existing system.

Although local manufacture will not be possible for the entire system immediately, this will be built up "in pace with the establishment of the electronics industry in South Africa"—seen as a vital strategic requirement by the South African Government.

The decision to use the German system as well as the French, in spite of the fact that it has not yet been fully developed, is also motivated by strategic considerations, to ensure "double sourcing" of equipment.

Although the South African Government had already announced its decision in principle to buy the French system, this was suspended last November after France refused to deliver two corvettes and two submarines in response to the UN arms embargo.

● John Walker writes from Stockholm: The Swedish L. M. Ericsson group, manufacturers of telephone equipment, has received an order valued at Skr 100m ($12m) from Colombia. The order comprises the supply and installation of about 100,000 telephone lines.

The installation of the equipment will be carried out by Ericsson's subsidiary company in Colombia. Earlier the company won orders from Colombia valued at about $23m, which includes equipment for 14 local telephone exchanges in Bogota and Barranquilla.

Nuclear deals still on, says KWU

BY JONATHAN CARR

MUELHEIM, Ruhr, Nov. 2.

KRAFTWERK UNION (KWU), West Germany's leading power station construction company, has firmly denied either that it has given up hope of firm orders for four nuclear plants in Iran or that its huge nuclear deal with Brazil is foundering.

But the company, a wholly owned Siemens subsidiary, stressed that foreign business is becoming ever harder to gain—while at home KWU has had no new nuclear power station order for three years.

Dr. Klaus Barthelt, the executive chairman, made clear at a Press conference that work on two nuclear plants being constructed by KWU near the Iranian port of Bushir was proceeding well.

The company still firmly expected contracts to be signed—albeit later than at first hoped—for the four nuclear plants of 1,200 MW each on which letters of intent were signed with Iran last November. Should this not be so, Dr. Barthelt said, then unpleasant consequences, which he failed to define, were inevitable. KWU employs about 14,000 people—none of them currently on short time.

The value of the Iranian deal has been estimated at some DM 19bn (£5.25bn) in all—and the West German Government has said it would put up the necessary export guarantees to cover delivery. But recently some doubts have been expressed about whether the deal would go ahead at all in view of the current unrest in Iran.

KWU now has a total of DM 25bn in orders on its books and achieved sales in the year ending September 30 of DM 5bn (a sum which, however, includes more than DM 1bn paid by AEG-Telefunken in connection with its relinquishing a half-share in KWU). No earnings figure has so far been given.

No less than DM 22bn of the orders in hand are for nuclear power stations—and of that sum DM 7.5bn worth of work is blocked in West Germany because of court orders, legal delays, protests by environmentalists and the like.

Currency invoicing

BY OUR FOREIGN STAFF

MOVEMENTS IN exchange rates might reasonably be expected to determine the currency in which exports are invoiced but random surveys conducted to date by the Department of Industry appear to show no evidence of this.

The latest survey covers the six months period to November 1977 when the exchange rate for the dollar *vis a vis* sterling, for instance, had declined from an average $1.82 to the pound from an average of $1.72 to the pound during the previous six months.

But the percentage of UK exports invoiced in dollars during this period amounted to 17 per cent of the total, representing an increase on the 14 per cent invoiced in this currency in the previous half year. At the same time there was no significant change in the proportion of UK exports invoiced in foreign currencies generally, which amounted to 31 per cent of the total against 30 per cent in the previous survey.

The Department of Industry does not attempt to interpret the results of its surveys. It may well be that exporters are not influenced by exchange rate movements when it comes to invoicing exports. Alternatively it may be the buyers who determine the currency.

Laing in Egyptian contract

Financial Times Reporter

JOHN LAING International has been awarded a £12.5m contract by the Arab Organisation for Industrialisation to build a helicopter production plant at Helwan, about 15 miles south of Cairo.

Work on the plant, which will manufacture the British Westland Lynx helicopter under licence, will start immediately and is due for completion by May 1980. The consultant engineers for the project are Parsons Brown of Bristol.

Davy in U.S.

The U.S. subsidiary of Davy Powergas, the UK process plant builder, has been appointed general contractor for a $140m (£80m) chemical plant, planned by Occidental Chemical for northern Florida, Kevin Done, Our Energy Correspondent writes.

Occidental Chemical is involved in a major expansion of its superphosphoric acid plant near White Springs, Florida, as part of the build-up to a target of producing 1m tons a year for export to the USSR. The deliveries will be made over a period of 20 years in exchange for purchases by Occidental of ammonia, urea and potash for Western fertiliser markets. Davy Powergas in the U.S. has been given responsibility for design, procurement and construction work on the second phase—costing $140m—of the project, which is due for completion in late 1979.

UK aerospace exports

The UK aerospace industry had a balance of payments surplus of over £270m for the first nine months of this year, with exports of nearly £843.5m well above imports of £572.5m, Michael Donne writes.

Figures issued by the Society of British Aerospace Companies show that aero engines are not contributing strongly to the overall export performance. For the first nine months, total engine shipments amounted to nearly £256.5m, of which new engines accounted for over £115m, the rest being refurbished engines and the sale of parts.

Malaysian cement

Malaysian Government approval has been given for a £35m expansion of the Rawang works in Selangor of Associated Pan Malaysia Cement in which Blue Circle Industries' subsidiary, Malayan Cement Berhad has a 50 per cent interest. The new plant which will provide 1.2m tonnes of extra capacity is expected to come on stream in late 1980.

Supply and erection of machinery will be undertaken by Ishikawajima-Harima Heavy Industries.

THE CRISIS IN IRAN

Oil cuts hit troubled market

BY KEVIN DONE, ENERGY CORRESPONDENT

THE SERIOUS cut-back in Iranian oil production, caused by the strike of oilfield workers, has hit world supplies at a difficult time.

There has been a glut of oil due to the sluggishness of the world economy and rising production from major new oil provinces such as the North Sea and Alaska.

But in recent weeks the picture has altered. Supplies, particularly of lighter crudes, have begun to tighten and prices have started to rise even without the cut-back of Ianian production. Demand has picked up especially in North America, Europe and Japan partly because of countries stockpiling for the winter but also in case OPEC countries set higher prices when they meet in Abu Dhabi next month.

With the steady fall in the value of the U.S. dollar—the world oil trading currency—OPEC countries have seen a dramatic drop in the real value of their oil revenues since the last rise two years ago. A price increase of 5 to 10 per cent is likely to be agreed when the OPEC oil ministers meet on December 16.

Whether the crisis in Iran has any serious impact on world supplies will depend on how soon the oil field workers return to work. It appears to be accepted by the oil industry that the armed forces, which have taken over the oilfields lack the expertise to keep up levels of production on their own.

If production levels stay down, the impact could be enormous, for Iran plays a major role in the supply of oil to most important consuming countries. It is the world's fourth largest producer of oil after the USSR, the U.S. and Saudi Arabia, but it is second only to Saudi Arabia among the world's oil exporters.

Iran accounts for just under 10 per cent of the world's total oil production and this year has been producing at an average rate of 5.7m barrels per day. Given the stagnant level of world demand its production has remained well below its capacity of some 6.9m barrels a day. But Iran's production was increasing before the strike at around 2.3 per cent higher in the first eight months of the year than in the same period of 1977.

It has been rising when other major OPEC producers, notably Saudi Arabia, have been cutting production to cope with the temporary glut of oil supplies. Total OPEC output for the eight months from January to August was still 7 per cent (nearly 2.2m barrels a day) lower than in the same period last year.

The latest information from Iran indicates that production is still continuing at a level of about 1.5m barrels a day. A number of tankers are still loading at the Kharg Island terminal in the Gulf and exports have apparently been leaving the country at a rate slightly under 1m barrels a day. But this still represents a sudden loss to world oil supplies of nearly three-quarters of Iranian production.

What are the results of the shortfall in production likely to be and how quickly will they be felt? Iran exports oil all around the world, but its biggest customers are the U.S., Japan and Western Europe. U.S. imports of Iranian crude totalled nearly 40m tonnes last year and have stayed at the same level for most of 1978. Japan buys about the same quantity, but unlike the U.S. it is unable to meet any domestic demand from its own resources and is therefore more vulnerable.

In Western Europe, West Germany is the biggest buyer of Iranian crude with purchases last year of 15.7m tonnes. Most other countries in Europe depend to a significant extent on Iranian supplies. For instance just over 18 per cent of the UK's crude oil imports, worth £751.4m, came from Iran last year making it the biggest supplier after Saudi Arabia, which accounted for 26 per cent of imports.

In the UK, supplies from the North Sea are rapidly replacing imports, but the country is unlikely to be self-sufficient before 1980. In September production from the UK sector of the North Sea was only 1.05m barrels a day which means that present domestic production is meeting only about half of UK needs.

But certain other countries would feel a prolonged cut-back in Iranian oil supplies far more sharply. Iran has arranged several state-to-state supply deals to circumvent the marketing power of the multinational oil companies, with the result that countries such as South Africa and Israel are far more dependent on Iranian supplies than most other consuming nations. Iran is South Africa's major crude oil supplier and Iran in turn has an important stake in one of South Africa's most modern refineries.

South Africa has ben biulding a strategic reserve of oil in case of oil sanctions. These stocks could keep the country supplied for some time if the need arose. But it is unlikely South Africa would be willing to draw on the reserve supplies except in a period of real emergency.

The cut in Irnaian production will first be felt in the supply chains operated by the major international oil companies. The bulk of production comes from fields operated b ythe consortium of Iranian Oil participants companies, which are led by British Petroleum with 40 per cent and Shell with 14 per cent. The consortium also includes the other major companies, Exxon, Chevron, Mobil, Texaco and Gulf, as well as Compagnie Francaise des Petroles (Total) and a number of smaller independent U.S. oil companies, such as Arco and Getty.

Exploration efforts by the National Iranian Oil Company, sometimes in joint ventures with other overseas oil companies, in areas outside the consortium's operating region have not met with conspicuous success. The result is that all but 700,000 barrels a day of Iran's average daily production of 5.7m barrels a day is produced by the consortium.

Iran has been unhappy for many months with the last agreement reached with the consortium in 1973 and negotiations have been going on in desultory fashion for all of this year. Up to September there had been six meetings in Tehran since the end of 1977 between the consortium and NIOC but without any agreement being reached.

The Royal Dutch/Shell group meets 10 per cent of its crude supplies from Iran, but no immediate impact is expected because orders are placed several weeks in advance and much of the oil for immediate needs is already in transit from the Gulf. It would be about six weeks before the strike made itself felt in the supply chain, said Shell. It had not yet reached the point of taking compensating action for the loss of Iranian supplies.

Prices can be expected to rise much faster, however, as traders anticipate a shortage of supplies developing ahead of the event. As one purchaser of Iranian crude remarked yesterday: "If it is prolonged we have a situation equivalent to the 1973-74 Arab oil embargo."

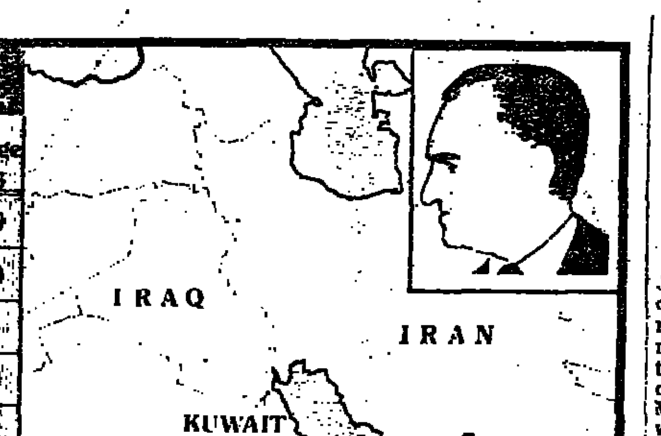
Most of the OPEC countries have been producing well below capacity. Saudi Arabia still has some capacity for lighter crudes, which are similar to Iranian light oils. But the Saudi government has not been keen to turn the taps on fully and earlier this year it restricted production of Arab light to 65 per cent of the total. This had already helped to tighten supplies of light crudes before the Iranian cut-back.

Late last year Saudi Arabia also set a total production ceiling of 8.5m barrels a day to help eliminate the oil glut. In the early part of the year production was below this level so it could be stepped up now to nearer 10m barrels a day if it chose.

IRAN'S POSITION IN WORLD OIL SUPPLIES

	Production 1977 ('000 barrel per day)	% of Total	% change over 1976
Iran	5,705	9·3	−3·9
Saudi Arabia	9,235	15·0	+7·9
Iraq	2,250	3·6	−1·6
Kuwait	1,785	2·9	−8·9
Abu Dhabi	1,665	2·6	+4·2
Venezuela	2,315	3·9	−2·8
US*	9,830	15·3	+0·9
UK	780	1·2	+229·1
USSR	11,045	17·8	+4·9
OPEC	31,525	51·2	+1·5
World	62,160	100	+3·6

* incl. 1·6m barrels natural gas liquids. Source: BP



IRANIAN CRUDE OIL EXPORTS

Figures for other important markets such as S.Africa & Israel not available

Source: OECD	Jan.–Jun. 1978	1977	1976
US	21·9	39·8	28·2
Japan	20·6	40·5	46·2
W.Germany	8·4	15·7	19·2
Italy	6·8	14·5	14·5
Netherlands	6·4	13·5	17·7
UK	5·7	14·2	22·7
France	4·9	9·4	14·6
EEC	33·6	70·6	91·7
OECD	91·3	181·0	200·2
Total	123·4	253·0	m. tonnes

IRANIAN SHARE OF WORLD OIL RESERVES

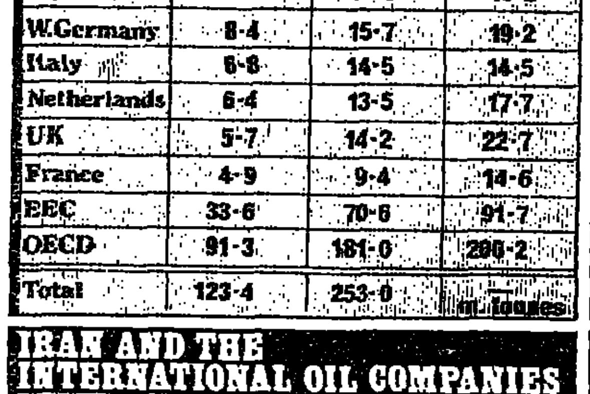
BILLION BARRELS as at beginning 1978

Iran	62·0	United Arab Emirates	32·4
Saudi Arabia	150·0	US	29·5
USSR	75·0	Libya	25·0
Kuwait	67·0	China	20·0
Iraq	34·5	UK	19·0
World	645·8		

Source: Oil & Gas Journal

IRAN AND THE INTERNATIONAL OIL COMPANIES

MEMBERS OF IRANIAN OIL PARTICIPANTS CONSORTIUM



CONSORTIUM SHARE OF IRANIAN PRODUCTION AND EXPORTS

MILLION BARRELS PER DAY

PRODUCTION	Total Iran	Consortium
Jan–Aug 1978	5·7	5·0
1977	5·7	5·1
EXPORTS		
Jan–Aug 1978	5·0	3·0
1977	5·1	3·4

S. Africa keeps its stockpile

By John Stewart

CAPE TOWN, Nov. 2.

JOINT CONTINGENCY plans of the South African Government and the country's five major crude oil refinery operators were set in motion yesterday as Mr. Chris Heunis, the Minister of Economic Affairs, warned of dire consequences for South Africa in the event of interruption of Iranian oil supplies.

South Africa is almost totally dependent on Iranian crude, but with its huge stockpile (40m-60m tons by various estimates) is probably better placed than most western consuming nations to meet the present crisis. It is less secure in the long term, however, because many producing nations have placed embargoes on supplies.

Because South Africa is a relatively short-haul oil destination from the Gulf, refinery operators probably carry 60-80 days' stocks, with Government insisting that stocks be topped up constantly. In discussion with the oil majors, Mr. Heunis has stressed that the Government's strategic stockpile must remain intact at all costs and cannot be used to bridge short term supply difficulties.

● L. Daniel writes from Tel Aviv: The policy adopted by Israel in recent years of diversifying its sources of crude oil supplies is now paying off. According to foreign sources, Israel has been importing Iranian crude for two decades but over the past two years has also bought substantial quantities of oil from Mexico and other countries.

The possibility of obtaining North Sea crude was discussed during the visit here last week of a Norwegian trade delegation. In addition, Israel is receiving 20,000 barrels a day from the Alma Field off A-Tur on the eastern shore of the Gulf of Suez. This represents some tonnes a year out of total requirements of 8m tonnes.

The Alma Field is to be returned to Egypt under the proposed peace treaty, but the Egyptians have indicated that they are willing to sell oil to Israel from the Field and possibly also from Abu Rudeis.

● Charles Smith writes from Tokyo: Japan's oil supplies could be reduced by up to 8 per cent during the fourth quarter of 1978 as a result of the Iranian strikes, according to unofficial forecasts. This would correspond to about half the oil normally imported from Iran—an estimated 17 per cent of total imports under normal circumstances.

Shah's troubles may lead to OPEC price increase

CUTBACKS IN Iranian crude suplies on the world market, for even a short time, are likely to have a significant impact on the OPEC meeting in Abu Dhabi in December.

Iran's long-term need to increase oil revenues to meet soaring Government expenditure has been increased by the pay rises the Government has offered to try to end the wave of strikes in Iran. Last year, Iran's oil revenues totalled $20.7bn. But it is questionable whether a rise of even 10 per cent in oil prices would more than partially alleviate Iran's financial troubles.

At OPEC's ordinary meeting in Caracas, at the end of last year, Saudi Arabia and Iran stood together as moderates to quash demands from the "hawks" wanting to increase the oil price to compensate for the decline in the dollar's value. Then, Iran's main consideration was the Shah's desire not to offend the U.S.

But Iran's attitude may be complicated by the need to express militant attitudes for the benefit of home consumption, while privately assuring the U.S. that it is not rejoining the "hawks."

Ironically, the seriousness of the crisis in Iran may give its demands for a price increase added force. Saudi Arabia, and the smaller, conservative producers, are dismayed by the violence on the other side of the Gulf, and appreciate the Shah's need for more revenue. Hitherto, however, Saudi Arabia has opposed any drastic price increase, and, because it is a pivotal producer, has a decisive influence on OPEC.

HOME NEWS

'Madness' to apply price control to loser companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADERS OF the Confederation of British Industry last night said that the Price Commission should not be given powers to stop price increases proposed by loss-making companies.

They told Mr. Denis Healey, Chancellor, that it was "madness to believe that price controls should be applied to loss-making situations."

The call came after a speech made by Mr. Charles Williams, chairman of the commission, on Wednesday in which he referred to British Rail price rise applications. The Price Code's present loss-making safeguard meant that "any firm that is making a loss is effectively entitled to any price moves it thinks fit until it comes back into profit."

The confederation's leaders were meeting Mr. Healey yesterday for the latest in their series of talks on the future of pay and prices policy shortly before he saw TUC leaders in the evening.

It was the last meeting before the confederation holds its annual conference at Brighton on Monday and Tuesday and debates pay policy.

It may then see the Chancellor again later in the week, after the TUC economic committee has held what could prove to be a decisive meeting next Wednesday.

The confederation said that there should be no changes in any of the price rise safeguards.

It also urged that the Government should stick to its pay limits and should not relax them to help the low paid.

The Government should also not encourage workers to claim the full £44.50 rate allowed for low paid workers, because not all companies could afford to pay it.

Sime claims case for negligence

BY JAMES BARTHOLOMEW AND WONG SULONG

SIME DARBY HOLDINGS yesterday claimed that its London solicitors had advised the group that it has a *prima facie* case against its auditors, Turquand, Youngs and Co. for negligence and breach of statutory duty with regard to the audit of the 1972 accounts and possibly earlier audits.

This damaging allegation has brought to a climax the most bitter public row in recent years between a company and its auditors.

Sime confirmed yesterday that "Certain directors" believed Turquand should have been sacked after the "Pinder affair." Most of the irregularities, according to Sime, took place before the end of the 1971-72 financial year. The view of these directors is that Turquand had taken too long to uncover what was going on.

The Singapore Society of Accountants is investigating Turquand's role in those years, Sime stated.

Sime still denies that the "*Pinder affair*" is the root cause of the sacking. It still asserts that the international coverage of Price Waterhouse is the main reason. Unlike Price Waterhouse, Sime says Turquand has no offices in the Philippines, Indonesia, India, Japan or Korea and has only one office in the U.S.

Sime strongly criticised Turquand's behaviour since the sacking was announced.

"Turquand has challenged the board's good faith by impugning the sincerity of the recommendation to shareholders. In making this challenge, Turquand has launched a press campaign in which they have used confidential information and been less than candid."

Sime questioned whether Turquand was attempting to warn other boards thinking of giving them the sack that they risk involving themselves in "an acrimonious and unpleasant public debate."

Last night, Mr. Dennis Garrett, of Turquand, Youngs, said that the firm would be having further discussions with its legal advisors in the light of the Sime Darby statements. It would make a full reply, but because it had had no advance notice of what Sime Darby was saying, this could not be till early next week.

"We did not receive a copy of the documents in London in advance of those delivered to the Press, but we assume that the (Sime Darby) board, having disclosed its representation, will now send our representations to the shareholders."

'Unfair competition' hits State ports

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE PROFITABILITY of some State-owned ports is being undermined by competition from ports which benefit from publicly-financed subsidiaries.

Sir Humphrey Browne, chairman of the British Transport Docks Board, which runs one-third of British ports, said yesterday that unfair competition from certain ports was one of a number of factors which had checked the board's financial progress this year.

He was reporting a net pre-tax surplus of £6.8m for the first half of this year, compared with £8.7m in the same period last year.

The most serious blow had been industrial action at Southampton before the commissioning of the new South African services container berth. This had cost the board £3m and would keep Southampton in the red for the second successive year.

An increasingly troublesome factor was undercutting from Bristol and, to some extent, from the Port of London. This was having a serious impact on the board's ports at Cardiff and Newport.

Mr. Keith Stuart, the board's managing director, said that Bristol was offering new customers rates which were more than 20 per cent below those available elsewhere.

Sir Humphrey pledged that the Board would again be sticking closely to the letter of Government pay policy in negotiatons with unions, which were just beginning.

With the shipping industry still in deep recession, future prospects were tight, but the board was stating its faith in the longer-term position of the industry by stepping up its capital investment programme.

Second water chief goes

THE SOUTH-WEST Water Authority faces a similar but less severe water shortage than that of the great drought of 1976.

After handling the situation two years ago, Mr. George Gawthorn, the Authority chairman, resigned because of ill-health last year. Now Mr. Roy Slocombe, 54, managing director, is leaving at the end of January.

Modern picture market shows improvement

SALEROOM

BY ANTONY THORNCROFT

THE MARKET for Impressionist and modern pictures is obviously improving. After Christie's success on Tuesday night in New York in holding its best sale in this area for years with less than 7 per cent unsold, Sotheby's followed it up on Wednesday with quite a good auction which totalled $6,702,000. However, the bought-in percentage was a much higher 25, mainly because four big lots failed to find buyers.

The highest price was the $360,000, just above forecast, paid for "*Jeune femme regardant une estampe*" by Renoir. Another Renoir "*Jeunes femmes dans un paysage*" realised $290,000 as did three other lots—"*La Seine près de Giverny*" by Monet; "*Nu couche*" by Picasso; and "*Le collier d'ambre*" by Matisse. "*Pommiers en fluer*," also by Monet, went for $230,000; "*La Musique*," another Renoir, realised $240,000; and a Vlaminch, "*Mont Valerian*," fetched $205,000.

Bonham's produced the highest total of the day in London—£125,570 for Continental pictures. An oil by *Sidney Percy* of Ullswater made £5,500; a view of Eton College by Richard Harraden sold for £4,300; and a view of Berlin by Jean Pascal realised £3,200.

The second day of the Sotheby's auction of Old Master prints in London brought in £49,367 with a top price of £5,500 for a set of 101 plates of Ancient Rome by Rossini. At Sotheby's Belgravia, silver totalled £38,912 with a large service of table silver, made around 1950 by Viners, going for £2,000.

Four Louis Philippe tapestries of the seasons, in the Louis XV style, made £13,000 in a sale of Continental furniture at Christie's yesterday. They were bought by Alexander, the London dealer, in a sale which totalled £101,280.

A total of £45,117 was realised in the first day of Stanley Gibbons' two-day auction of all-world stamps. An unused 1913 £1 stamp fetched £1,400 while an unused corner pair of 1867-80 2s brown stamps with a marginal inscription made £900.

Unions call for £2.3m to save Singer jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

UNIONS HAVE asked Singer UK to invest an additional £2.3m at its Clydesbank sewing machine plant to save 1,000 of the 2,800 jobs which will be lost in a production rundown over the next two years.

The proposal, recommended in a consultants' study commissioned by shop stewards, was put to the management yesterday after it had received overwhelming backing from the 4,800 workers at a series of mass meetings. The company said that it would give its preliminary reactions in about ten days.

Singer's plan to contract its Clydebank operations was announced in June and included the closure of factories making industrial sewing machines and needles, leaving only the assembly of domestic machines from European components. However, £8m was to be spent on modernisation.

The union's response was to commission a study by PA Management Consultants which cost £100,000. A quarter of the cost was met by the workers through a weekly levy and the remainder by the Government, through the Scottish Development Agency.

The report, disclosed yesterday, recommends that production of industrial machines and needles should be retained, but on a reduced scale, concentrating on the most competitive models in the range.

This would provide a base from which to develop and launch new machines capable of winning back the share of the market lost by Singer in recent years.

Mr. Hugh Swan deputy convener, said that the unions were not very enthusiastic at what the report had said. It still meant the loss of 1,800 jobs—but it was hoped this could be achieved without redundancies by early retirement and natural wastage.

If the company would not make the extra investment needed, the unions would approach the Government. The Scottish Development Agency is making its own evaluation of the report.

"We think £2.3m is a small price to pay these days for the saving of 1,000 jobs and the retention of a factory in the west of Scotland," said Mr Swan.

Power Dynamics goes into receivership

BY MARTIN TAYLOR

A RECEIVER was appointed yesterday at Power Dynamics, the Bridlington-based hydraulic tube-bending machinery company in which the National Enterprise Board holds a one-third stake.

The company's auditors, Deloitte Haskins and Sells, reported to shareholders that information they had been given in respect of its 1976 and 1977 accounts appeared to contain "certain irregularities."

In these conditions, new money was necessary to set the company's accounts in order. The Enterprise Board and the company's bankers decided not to invest or lend further funds and the directors were obliged to put the business into receivership.

The receiver's intention is to offer the business—which employs about 30 people—as a going concern if possible.

The Enterprise Board invested in Power Dynamics as recently as February, by subscribing £60,000 to new equity giving it a one-third stake in the business and £120,000 in 6½ per cent redeemable preference shares 1982-85. The company was said then to have been consistently profitable since its foundation in 1974.

Detergent prices can be raised by 5.5%

By David Churchill, Consumer Affairs Correspondent

THE PRICE COMMISSION gave the go-ahead yesterday to Procter and Gamble to raise prices for a range of soaps and detergents by 5.5 per cent. The company has agreed not to raise its prices again until July 17 next year unless there is an unexpected and substantial increase in costs.

Products affected are Tide, Daz, Fairy Snow, Fairy Liquid, Flash, Fairy toilet soap and other soaps and detergents.

The Commission's report speaks of a widespread practice in the industry of retailers offering temporary price reductions on the manufacturers' recommended price.

Last month Mr Roy Hattersley, the Prices Secretary, promised legislation to control widespread use of misleading bargain offers.

The *Office of Fair Trading* had made a survey into how far such offers misled consumers and a Price Commission report on Lever Brothers which criticised use of "temporary" price reductions when these offers were more permanent than temporary.

Procter and Gamble said last night that it did not believe every package in a store should be presented as a bargain offer.

"Not only is this misleading and confusing to consumers but the proliferation of flash packs reduces manufacturing efficiency, adds to cost, and interferes with the retailer's right to set prices in his own store."

Ladbroke sells shell of penthouse flat for £800,000

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

LADBROKE GROUP has just sold the most expensive flat in London—the shell of an incomplete 4,300 square foot penthouse flat overlooking Hyde Park, which fetched £800,000 from a Middle Eastern buyer.

As the sale involves cash stage payments until building work is finished in July the sale price, plus interest on deposit money, means that Ladbroke has sold the empty flat for a new record price of £200 a square foot.

The six-bedroomed penthouse, which will include staff rooms and an L-shaped swimming pool on an extensive roof terrace, forms hte peak of Ladbroke's 61-flat Hyde Park Towers development on Bayswater Road. The buyer is likely to pay as much again to fit-out the empty flat.

Ladbrokes, through its agent Hampton and Sons, will receive over £7½m from flat sales in the block. The flats range in price from £50,000 for one bedroom units, £1m for four bedroom flats with park views, up to the £0.8m penthouse suite.

The group is one of the first residential property developers to introduce deposit and stage *payment sales to the British market*, a system now widely accepted on the Continent. And the group reports that nine in 10 of the buyers have come from Middle Eastern oil states.

Mortgage subsidies cut

BY OUR PROPERTY CORRESPONDENT

SUBSIDIES TO Britain's 800,000 option mortgages are to be cut by 1 per cent from the New Year.

Mr. Peter Shore, Environment Secretary laid a Parliamentary draft order yesterday cutting the level of Government subsidy from 34 to 33 per cent with effect from January 1, 1979.

This brings the subsidy into line with standard rate tax relief on normal mortgage interest payments. And it means that mortgagees with an average loan of £8,000 will pay an extra £1 a month.

The reduction in the subsidy is less than had been expected. Since the introduction of a reduced rate tax band of 25 per cent on the first £750 of taxable earnings in the April Budget it had been expected that the Government would incorporate such an adjustment for the lower paid in its option mortgage scheme and cut the subsidy to below the 33 per cent standard tax rate.

HOME NEWS

Birmingham likely to be permanent Motor Show venue

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BIRMINGHAM IS to become the permanent venue for the International Motor Show.

The Society of Motor Manufacturers and Traders, the organiser, hopes to negotiate a long-term contract with the National Exhibition Centre so that the show can return every two years "for the foreseeable future."

The contract is likely to include agreement on expansion of the exhibition space and other changes to permanent facilities so that this year's problems of long queues and overcrowded halls do not occur again.

Some 908,194 people had paid to see this year's show when it closed its doors last Sunday. There were 5,313 registered trade visitors from overseas and this was only a proportion of those who turned up but failed to register.

Sir Barrie Heath, the Society's president, said yesterday: "The myth that British or overseas visitors would only come to a show in London has been firmly laid to rest."

The show cost the Society more than £2m to stage, but it made a healthy profit. It is now considering, for the first time in its history, whether to make a token rebate to the 720 exhibitors.

This depends to some extent on the kind of financial commitment that the Society might have to make to get the necessary physical changes made at the site.

One of the exhibitors' problems at this year's show was that the crowds prevented trade buyers from seeing people they wanted to meet. Some commercial vehicle exhibitors have said that there should be a return to the previous system of separate car and commercial vehicle shows.

However, many of the component and accessory exhibitors would then have to face the expense of an annual show—because they would need to be at both.

The society has suggested building a perimeter fence round the complex to give more points of entry and reduce queueing. This would also enable visitors to walk in and out of the halls without pass-out tickets.

More display space could also be provided, either in new permanent halls or in temporary exhibition halls.

Flexibility

Car displays—the biggest attraction for the public—will almost certainly be spread among additional halls in 1980. They will possibly be combined with the component and accessory stands.

The society is also considering whether to have restricted trade days, or times of the day set aside for specialist sectors such as commercial vehicles or garage equipment.

It said that it was critical that the interests of all exhibitors and the public should be considered and "what may seem an ideal answer to one sector of the industry may be quite impractical for others."

Sir Barrie said: "The great thing is that we have the time, the Society committee structure and the flexibility within the facility and its management to discover the answers to this year's problems of success, and to implement the necessary changes for 1980."

Metrication 'nettle needs firm grasp'

BY MAURICE SAMUELSON

LEGISLATION MAY be needed because of the "insufficient progress" towards metrication over the past 18 months, says the Metrication Board in its 1977-78 report, published yesterday.

Although metrication is an "established fact" in most of Britain's economy, the board says that progress over the past 18 months has been insufficient from the point of view of Britain's competitive strength in world markets.

"The choice we have is between completing the change to metric within the next few years or settling for an indeterminate period during which the inefficiencies and inconveniences of using the two systems side by side will grow.

"We believe it will be best to grasp this nettle firmly and to achieve the transition to metric in an orderly fashion."

The retail trade should gear itself for orderly change on a voluntary basis, with an agreed timetable for sales of weighed-out and measured goods.

Legislative obstacles to such a change, such as the requirement to give the unit price to certain goods only in imperial, should be removed.

If the voluntary approach failed "urgent consideration" should be given to the need for legislation.

Speed limits and road signs should also be changed to metric, says the board.

● Earlier this year, the Government was so afraid of alarming the public that it withdrew two orders that would have plugged the remaining non-metric gaps in the shops. They covered sales of hardware, fabrics and carpets, and of "weighed-out" foods such as fresh fruit, vegetables and meat.

Going Metric—Progress in 1977-78; SO; £1.25.

Higher short-term interest rates predicted in reviews

BY MICHAEL BLANDEN

HIGHER short-term interest rates in the UK are forecast by several City commentators in the latest batch of economic reviews.

Stockbrokers, Phillips and Drew, says that an early rise in short-term rates is likely to be needed including possibly an increase in minimum lending rate, to underline the Government's commitment to maintaining monetary and exchange rate stability.

De Zoete and Bevan foresees a series of tighter monetary policies through the next year, and says "it is difficult to see short-term interest rates peaking before next summer."

In a more optimistic comment, however, Mr. David Kern, of National Westminster Bank, says that while MLR and other interest rates could be forced up "on balance, an increase in interest rates is not justified by the underlying economic background."

Mr. Kern, manager of the bank's economic analysis section, examines recent monetary trends in the UK and says that market sentiment has been adversely affected by serious uncertainties over U.S. interest rates, wage pressures, the proposed European Monetary System, and the cyclical pressures in the UK

"The announcement of a firm and credible new monetary target in the near future could make a significant contribution towards strengthening financial confidence."

Mr. Ker examines the reasons for confusion in interpreting recent monetary statistics, arising both out of thet choice of monetary aggregates and the base-date for calculating trends.

Definitions extra

He suggests that two money supply definitions — a very narrow one, retail M1, and a very wide one, sterling M5, should be used.

The narrow one would exclude interest-bearing sight deposits now included in M1, while the broad one would take in building society and savings deposits.

Monetary trends should also be reported on a three and six-month moving average basis as well as with reference to a fixed date.

Looking at recent experience, Mr. Kern finds that the narrow definitions of money stock have been growing too rapidly, though the broader measures have slowed down.

He suggests that the increase in sterling M3 could come out at 10-11 per cent during this financial year, within the present target range of 8-12 per cent.

Phillips and Drew, however, says that recent indications point to rapid monetary expansion.

"The emphasis of official policy has apparently shifted towards maintaining a stable exchange rate, but this objective will not be attainable unless money supply growth is constrained."

De Zoete and Bevan expresses concern that the UK economy is beginning to become overheated because of supply constraints.

UK attack on French fork truck design demands

By Lynton McLain

BRITAIN'S fork truck industry, backed by the Department of Trade, is to call on the French Government to withdraw plans for unilateral mandatory design standards for industrial trucks at an EEC meeting in Brussels next week.

The French standards were a serious non-tariff barrier to trade, Whitehall officials said yesterday. Britain could lose up to £8m-worth of fork truck exports to France each year unless the French adopted a more flexible approach.

All fork lift and other industrial trucks sold, exhibited or imported into France from December 2 will be subject to the new standards. This is certain to affect attendance at the international mechanical handling exhibition in Paris from December 5 to 13.

The French Government said that trucks which did not meet the new standards might still be shown but they must carry a certificate saying so. The manufacturers had to submit by Monday proposals for modifications to meet the standards.

Effective ban

The meeting of the EEC industrial truck working group on Thursday and Friday next week was called to find a way of tackling the French plans so that they do not jeopardise EEC moves to harmonise truck design standards.

The group wanted to publish a first draft European design standard by the end of the year to put into action by the mid-1980s. The French move, however, puts an effective ban on the sale of a range of trucks in France, and the end, for the time being, of hopes for a common standard.

The meeting will provide a forum for the first united protest against the French action by West Germany, Italy, Holland, Britain and other members of the EEC working group.

Britain's Department of Industry and the British Industrial Truck Association have already protested to the EEC Commission and Germany has taken similar action.

The Association called for a three-year moratorium on the new standards, but Whitehall officials are understood to be prepared to discuss a compromise whereby the French would withdraw the standards until the common EEC standard comes into effect.

By then, it is hoped, the French and EEC standards will have become more closely aligned.

Wallersteiner probe is hampered by 'doubtful' claims

BY MICHAEL LAFFERTY

COMPLETION OF the UK bankruptcy proceedings against Dr. William Kurt Wallersteiner, the larger-than-life international financier, has been hampered by large claims for debts of apparently doubtful validity, according to Mr. Christopher Morris, the senior Touche Ross insolvency partner who is Dr. Wallersteiner's Trustee in Bankruptcy.

So far Mr. Morris has rejected claims for about £14.3m out of total debts of £18m. The largest for £8.7m, came from Credit Industrial du Liban, of Central Africa.

It concerned an alleged contract with Dr. Wallersteiner involving Nigerian currency which disappeared when Dr. Wallersteiner's aircraft was forced down in Togo.

Another, for £4.7m, came from a Herr G. Schmid, described as an attorney at law in West Germany. There were originally suggestions that this man was closely connected with Dr. Wallersteiner. The whereabouts of Herr Schmid are unknown, and the German authorities have now cast doubt as to whether he exists.

Dr. Wallersteiner was made bankrupt in the UK in July, 1975 in respect of damages awarded against him for various frauds and breaches of trust. The affair mainly concerned two public companies—Hartley Baird and H. J. Baldwin—of which Dr. Wallersteiner secured control during the 1960s.

A Department of Trade report into the affairs of Hartley Board, which was published in October, 1976, concluded that the company's affairs were "gravely mismanaged" by Dr. Wallersteiner.

Mr. Morris says that he is getting closer to tracing Dr. Wallersteiner's principal assets. He believes these are mainly in bank accounts in Ireland, Switzerland, Paraguay, and Canada, and in some property. He prefers to be vague about how close he is to getting his hands on the assets as he believes that the less Dr. Wallersteiner knows about his activities the better. This is in spite of the fact that Dr. Wallersteiner is held by the German authorities in jail in Frankfurt.

Central to the trustee's problems in unravelling Dr. Wallersteiner's business affairs seems to be his family's Familien Trust in Liechtenstein. "This is the origin everything leads back to," says Mr. Morris.

Another factor is the large number of companies—many little more than impressive-sounding shells—operated by Dr. Wallersteiner throughout the world. Among them are names such as the Rothschild Trust (of Liechtenstein), Barclays Bank (Panama), Union Bank of Europe, Bank of Europe, Bank of Swaziland, and General Bank of the Middle East. He even had his own auditing firm—National Accountants and Auditors—according to a company seal discovered in Germany.

So far, Mr. Morris has realised only £47,500 against claimed debts running to about £18m. By far the larger part of the realisation—about £32,000 in all—came from the profits of a series of five Lloyd's underwriting syndicates, of which Dr. Wallersteiner is a member.

But most, if not all, of this will go in costs. Already allowable expenses run to £15,000 and there is at least another £20,000 in time and expenses to be billed by Touche Ross.

How much of the total of about £3m claimed by Hartley Baird and H. J. Baldwin will be repaid to these companies depends on the assets realised and claims accepted by the trustee.

Unless substantially more assets are uncovered and remitted to the UK, Mr. Morris thinks it unlikely that they will get more than £50,000.

Mr. Morris said that Touche Ross had never encountered anything quite like the Wallersteiner bankruptcy in a century of insolvency work. "Unfortunately, I don't see an end to this for several more years."

Paper industry seeks recruits in schools

FINANCIAL TIMES REPORTER

THE PAPER and paper products manufacturing industry yesterday launched a recruiting drive aimed at school leavers.

The move was described as the first co-ordinated effort between the Manpower Services Commission, an industrial training board and an industry federation.

The drive to attract recruits is being made at a time when the manufacturing industry is expanding very slowly, perhaps by 2 per cent this year.

The industry provides jobs for 200,000 people and feels that, in spite of the relatively high unemployment level, a new campaign is needed to attract the right sort of youngster.

The campaign was launched yesterday by Mr. Alex Jarrett, chairman and chief exective of Reed International. He said that, in spite of its large size, the industry was comparatively unknown in schools and homes as a worthwhile possibility for a career.

This was partly because of the generally unfavourable attitude of parents, schools and pupils to careers in manufacturing industries. They were often considered as second best for second class citizens.

"This is a contrast to attitudes in the U.S. and in much of Europe, where such jobs are highly prized and their holders are recognised as key people in society."

One of the reasons for youngsters' unwillingness to consider careers in industry was the poor and often unfair image of strikes and lack of job security or unconcern for the environment. Industries should combat these impressions by publicising the good things they were doing.

Calibre

"In spite of high unemployment, especially, and sadly among young people, we at Reed, for example, are still finding it difficult to attract into our business young people of good calibre—we are short of paper-making and engineering apprentices, laboratory technicians, designers and machine minders, for example," said Mr. Jarrett.

The industry careers campaign includes the supply of booklets and film presentations to organisations which can make use of them.

Daily Star rolls off presses amid celebrations and negotiations

BY MAX WILKINSON

BRITAIN'S FIRST new national newspaper for 75 years—the Daily Star—rolled off the presses in Manchester yesterday to the accompaniment of great celebration and last-minute labour negotiations by Express Newspapers executives.

Throughout the North of England for the next three weeks television advertisements will be displaying the advantages of "Britain's boldest, brashest, brightest newspaper," which is aiming for 1.25m readers. About half of the readers will have to be enticed from the rival Sun and Daily Mirror, which the Star unashamedly is imitating.

Even during the celebration dinner in Manchester on Wednesday night, trade union leaders and managers were being called to the telephone to settle last-minute disputes about manning and distribution.

Only in the final hours before production was agreement reached with the National Graphical Association on staffing levels in the composing room. Talks on the final terms had lasted 17 hours.

However, as Mr. Victor Matthews, chairman of Express Newspapers, frequently predicted, nothing could stop the launch of the newspaper, which achieved its full print run of just under 1.4m copies.

After a hard night's celebration the chief executive in true Express style drove to London to reach the Ritz Hotel in time for a champagne breakfast.

Mr. Matthews, still visibly glowing from the tumultuous welcome he received in his Manchester machine room, delivered a mild warning to his Fleet Street printers. For the present, at least, they would not be involved in producing the Daily Star.

MR. VICTOR MATTHEWS

'More determined approach'

Sun readers

"The management in Fleet Street is showing a more determined approach, and I am sure that the workforce will respond to strong management.

"Of course they want as much money as possible but when they realise that there is no more money coming, I think they will respond—and there is no finer workforce anywhere"

The Star has been launched in a remarkably tight schedule only 12 weeks after its conception. Mr. Matthews apparently thought of the idea about the time that the Sun came back to the news stands after a lengthy industrial dispute.

It was then evident that the Daily Express—"a family newspaper"—could not hold on to the readers which it had picked up when the Sun was not being published.

So Mr. Matthews decided to spend about an extra £100,000 in capital equipment to produce a newspaper largely from the spare plant and staff of Express Newspapers.

The 580 editorial staff of the Daily Express 15 months ago has been reduced to 360, largely by deployment to the new Star.

Manchester was chosen as the printing centre for three reasons: First, the labour problems are much less acute in Manchester than in London; second, the Express has considerable spare capacity there; and, third, Manchester is a good base from which to attack the Sun in the North where it is comparatively weaker.

No one apparently expects the Daily Star to win awards for quality journalism. Indeed, Mr. Matthews says explicitly that that is not his intention. Its aim is to outshine the Sun as a bright, busy and busty tabloid.

The first issue of the Star keeps general news comment and politics to a minimum and devotes most space to magazine-style topics such as Jimmy Greaves's alcoholism and the vicar who paints what the newspaper coyly calls "life in the raw."

Its style has angered women's liberationists and other minority groups who changed large numbers of posters in Manchester to "The Star is Porn."

'Satellite' terminal for Gatwick

By Michael Donne, Aerospace Correspondent

THE BRITISH AIRPORTS Authority is to spend £18m on a new "satellite" terminal at Gatwick Airport, Sussex, capable of handling the biggest aircraft in service, such as Boeing 747 Jumbo jets.

Work will start next summer and will be completed in 1983. It is in addition to the £100m recently completed modernisation programme designed to raise Gatwick from its present capacity of 8m to 16m passengers a year by the mid-1980s.

The satellite terminal will be on the site of the former north pier, first opened in the early 1960s, and which can handle only three aircraft at a time. The new terminal will be circular in shape, and will be able to handle eight wide-bodied jets and 1,200 passengers an hour.

The Airports Authority is also considering further modernisation at Gatwick, including rebuilding the south pier. The original centre pier at the airport was modernised this year.

More women seek places in universities

By Colleen Toomey

MORE WOMEN are applying to go to university and the trend seems likely to continue, according to the latest provisional figures issued by the universities' "clearing house."

In the two weeks to October 15, applications from women rose by 4.6 per cent to 11,930, but male applications dropped by 3.6 per cent to 17,992 on figures issued for last year by the Universities Central Council on Admissions. So far, about one-fifth of the expected total for next year's applicants have applied. The closing date is December 15.

Concern over food promotion charges

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S food manufacturers are concerned that increases in export promotion charges—such as almost 30 per cent more for using British pavilions overseas—will hit the sharp growth in food exports over the last few years.

The increase for export promotions, announced last summer by the British Overseas Trade Board, are due to come into force from the beginning of next year and the overall effect is almost to double the charges for exporters, the food manufacturers claim.

The Board's proposals will increase its revenue from charged services from £2.5m to £4.9m in a full year, a rise of about 96 per cent. The total budget is only £72m—out of total Government expenditure of £51bn—and the increased charges will have the effect of reducing the Government's contribution by £2.4m.

The increased charges come at the same time as Britain's food exports have grown rapidly in recent years.

Manufactured food exports last year amounted to £714m, of which almost two-thirds were accounted for by members of the Food Manufacturers' Federation, the main trade association in the industry.

Since 1975 the value of exports of all manufactured food products has grown by more than 91 per cent. As a percentage of total UK manufacturers' sales food exports amounted to about 6.3 per cent last year compared with 4.8 per cent in 1975 and 4.2 per cent in 1973.

The EEC is the most important UK market for manufactured food products with exports last year of £185.3m comprising more than 40 per cent of total exports by Federation members.

Poppy Appeal target is raised to £3.8m

BY JAMES McDONALD

THE ROYAL British Legion, in its Poppy Appeal, is aiming to collect £3.8m, compared with about £3.25m last year—because of inflation.

The appeal week starts on Monday with Poppy Day next Saturday.

"There are occasions when people question the need for The Royal British Legion and the annual Poppy Appeal," said General Sir Charles Jones, president of the Legion, at the Mansion House in London yesterday.

"They think our role must be decreasing whereas, in fact, we are now being asked not just to maintain our existing welfare facilities, but actually to extend them.

"As the 1939-45 war veterans move into their 60s and 70s, the hardships endured during their military service are taking their toll and so, while the numbers of ex-Servicemen and women may be declining, approximately half of those who are alive are placing even greater demands on the Legion."

The Legion says it is as much concerned with helping the family of a young soldier wounded in Belfast as with the widow of a Serviceman killed on the Somme in the 1914-18 war.

One of its sidelines is training one London taxi driver in every three at Brixton, London.

Citroen raises prices

FINANCIAL TIMES REPORTER

CITROEN is increasing the prices of part of its car range in the UK by just under 2 per cent after similar increases in France.

The CX range is not affected as its prices were fixed in July. But the 2CV, Dyane and GS models, and the listed options for the GS cars all go up.

The 2CV6 now costs £1,799 against £1,766. The Dyane goes up from £1,950 to £1,989 and examples of the other changes include an increase in the G Special from £2,797 to £2,852 and in the GS Club Estate from £3,318 to £3,383.

When the GS Pallas reaches British dealerships for the first time shortly, the price will be £3,523.

OBITUARY

Sir Frederic Osborn

SIR FREDERIC OSBORN, who played a big role in spearheading the development of new towns in Britain, has died aged 93.

Sir Frederic was a close colleague of the Victorian visionary Sir Ebenezer Howard, whose concept of the garden city led to fundamental changes in the planning of industrialised urban societies.

He worked beside Sir Ebenezer in the development of the first garden city — a planned, industrial town with copious open spaces and a safeguarded green belt aimed at replacing the slums of the industrial revolution — at Letchworth, Hertfordshire, before the first world war, and moved with him to found Welwyn Garden City in 1919.

Sir Frederic was estates manager at Welwyn Garden City between 1919 and 1936, leaving the second garden city company after an internal row and becoming a director of Murphy Radio, which was based at Welwyn Garden City.

He remained a Murphy director till 1960, but devoted much of his energies to campaigning for his ideals.

From 1919 to 1936, he was secretary and chairman of the Town and Country Planning Association (originally the Garden City Association), later becoming its president.

He served on the Government committee established in 1945 to plan the new towns strategy.

Sir Frederic implacably opposed tower blocks, and that led to a lengthy correspondence with the American urban historian, Lewis Mumford which was later published. He was knighted in 1956.

Recession hits drop forging

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE DROP forging industry is suffering a deep recession with companies working at only 70 per cent capacity, says Mr. Bill Patton, president of the trade association.

"I can recall no worse period in our industry in my 28 years experience," he told the annual banquet of the National Association of Drop Forgers and Stampers, in Birmingham yesterday.

"Last year's statistics only showed a 1.8 per cent drop on 1976 but 1978 has moved from bad to worse."

Mr. Patton pointed to the loss of business caused by direct foreign car imports and the practice of British manufacturers of selling vehicles assembled in Europe. "This is far more critical than the fact that a few customers have bought a few Japanese forgings."

He thought that the progressive specialisation, technological development, and education programmes being undertaken by his industry were clear signs that exports would rise. But overseas sales were difficult in the face of "the continued world recession and the false strength of the pound."

A healthy home demand was important for the industry to continue its development. "On a day-to-day basis, we can all do nit-picking on efficiency, but really, there is nothing like home volume to generate new technology, capacity and overall efficiency," Mr. Patton said.

مكتبة الأصل

LABOUR NEWS

مكانه من الأصل

Plumbers to get 30% special case pay rise

BY PAULINE CLARK, LABOUR STAFF

ABOUT 30,000 plumbers employed in the private contracting industry are to receive a 30 per cent pay rise under the first special case deal allowed by the Government's Phase Four policy.

The settlement finally approved by the Department of Employment yesterday gives a 15 per cent increase this month and another next August to raise the hourly rate for trained plumbers almost immediately from 125p an hour to 143p for a 42-hour week.

It follows an independent review conducted las tmonth under Professor John Wood, chairman of the Central Arbitration Committee, which looked at the plumbers' case for a special increase because of anomalies arising out of the 1975 introduction of the Government's £6 pay restraint policy.

The Government's Phase Four White Paper specifically allowed special treatment for groups suffering from the 1975 "cut-off" date between freely negotiated pay settlements and those falling under the Phase One policy.

The plumbers' success augurs well for the outcome of a similar case for special treatment for some 18,000 heating and ventilating engineers who last August put in for a rise amounting to 47 per cent for the lowest grades. They too are to have their claim studied by an independent panel under Professor Wood.

In both cases, pay settlements agreed last year with national employers' negotiators in substantial breach of the 10 per cent pay policy had finally to be renegotiated amid Government threats of sanctions against individual companies.

The two groups also have the same complaint that their traditional pay links with building craftsmen have been substantially eroded since 1975.

The progress of protracted and almost daily talks between employers and union negotiators with the Department of Employment over the past two months have been subjected to strict confidentiality because of the publicity surrounding both groups' original agreements last year.

The heating and ventilating engineers' first deal last year was for a 20 per cent pay increase affecting 1,000 companies under the national joint agreement. In the plumbers' case, employers' representatives of about 5,000 companies agreed a regrading structure which would have given a rise of almost 40 per cent to some workers.

But employers' arguments that the deals were linked to productivity and that the two industries were experiencing difficulties in finding skilled workers failed with the Department of Employment

Both deals — with August settlement dates—had to be renegotiated after Government intervention to give a straight 10 per cent. The plumbers new regrading structure also fell foul of the Government.

NUR 'yes' to productivity plan

BY OUR LABOUR STAFF

THE INDEPENDENT report on proposed productivity bonuses for British Rail staff was accepted yesterday by the National Union of Railwaymen's executive.

The union will almost certainly accept the report into special responsibility payments for high speed train drivers, also published this week by the Railway Staff National tribunal. But the union is still studying parts of the report.

The proposed productivity scheme would give average rises of £1.80 to BR's 178,000 rail workers at a yearly cost of £18m, according to management.

But Mr. Sid Weighell, the NUR's general secretary said yesterday that the union estimated the scheme would give rises ranging from £1.50 to £3, with an average of £2.10. Its cost over the year would be £20m.

Both reports have to be accepted by British Rail and the unions before they can be put into effect, but it seems likely that ASLEF, the train drivers' union, will reject at least one of them.

The union had put in a general claim for higher payments for all drivers, in line with what they believe to be improved productivity since 1974.

In proposing extra payments solely for high-speed train drivers, the tribunal has gone against ASLEF's claim. The union is likely to decide its position on the reports next week. The tribunal has provided nothing for Southern Region drivers, who are traditionally militant.

If ASLEF rejects the reports it will presumably have to make its own proposals to the British Railways Board. It seems unlikely that the board would accept any scheme for productivity payments radically different to the one proposed.

The railways could then face the kind of strike action threatened by ASLEF earlier this year over productivity issues.

The NUR and ASLEF are wide apart on pay, productivity and manning. Mr. Weighell said yesterday that there was no point in having joint union talks on these issues before the regular meetings with management under the umbrella of the Railway Staff National Council.

Scots journalists accept deal and end strike

BY OUR GLASGOW CORRESPONDENT

AN OFFICIAL strike that lasted 2½ weeks by 130 journalists on local papers of Scottish and Universal Newspapers ended yesterday after they accepted a pay deal.

The dispute was over a claim by 30 journalists at the company's new £1m Irvine printing centre for wage parity with print workers, and for a flexibility payment for working with new technology.

While the latter claim was subsequently dropped, the National Union of Journalists backed the parity demand and progressively called out its members on all the group's 34 papers. All continued to publish, most in truncated form, with a reduced cover price.

The agreement involves a self-financing productivity deal which the journalists say will substantially reduce the gap between their present basic wage of £62 a week and print workers earnings of £120 a week, including compensation for redundancies when the plant opened.

The agreement does not form part of their annual wage negotiations, due next month for a deal dating from January 1. A claim has been formulated.

Spark plug workers put on 4-day week

By Philip Bassett, Labour Staff

CHAMPION Spark Plugs, the American-based components company, has placed the 900 hourly-paid workers at its Birkenhead plant on a four-day week because, union officials claim, a productivity scheme to boost output has worked too well and the company has over-produced.

The workers, mainly members of the Amalgamated Union of Engineering Workers, will be laid off today in the first of the four-day weeks. Only essential maintenance staff will be at work. The company says normal working will be resumed in January.

The company is paying the workers 75 per cent of normal pay—the figure proposed in the Queen's Speech for the Government's plan to introduce legislation for short-time working. Union officials claim that with the loss of productivity payments, shift bonuses and attendance allowances, payment will be halved.

A productivity scheme for the hourly-paid workers was introduced in December last year. It was designed to boost output, but at a cost of some jobs lost through natural wastage.

Earnings under the scheme were a maximum of £6.40, although Mr. Ernie Ricketts, AUEW convener at the plant, estimates that they averaged £5 a week. He said the scheme was accepted by the workforce under a threat of plant closure.

Mr. Ricketts said yesterday that the production targets had all been met. Last week senior shop management told shop stewards the workforce was being put on a four-day week.

Civil servants start £1m fighting fund to break 5% limit

BY PHILIP BASSETT, LABOUR STAFF

WHITE AND blue-collar civil servants are to join forces for a campaign against the Government's pay policy.

Leaders of 543,000 non-industrial civil servants yesterday launched a £1m fighting fund against the 5 per cent limit.

The unprecedented alliance between the industrial and non-industrial civil servants will present a powerful front to the Government's determination to hold firm on the fourth stage of its incomes policy, particularly in the public sector.

The link, incorporating 20 unions, will be forged at a series of joint meetings in the New Year to co-ordinate action on pay. The two sides decided on the alliance at a meeting earlier this week.

An important element in the Sstage Three pay settlement for the 183,000 industrial civil servants was the Government's pledge to base negotiations for the 1979 settlement on a study of comparable pay and conditions outside the Civil Service.

Their leaders believe that pay research will increase their earning levels, and point to the gains made by white-collar civil servants under the system.

The independent Pay Research Unit is due to begin reporting later this month, but is not expected to finalise an overall figure until January.

Senior white-collar trade unionists believe that it will undoubtedly make findings of increases of between 20 and 25 per cent for some grades.

The Government revived the Unit this year for the first time since its incomes policy came into force in 1975, with the proviso that its findings would be subject to any incomes policy still in force.

Union leaders hope that the events in the private sector, including major breaches such as at Ford Motor, will modify the Government's policy. Failing that, they hope to persuade the Government to make them a special case like the police or firemen. They argue that having an independent pay review body puts them in that class.

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, said yesterday: "There is a feeling among our members that this is a crunch year for the future of pay research. If we don't get it this year, our members will lose faith in the whole system."

His union would be prepared to collect a voluntary levy to finance strike action, and he warned of "chaos and turmoil" in the service.

Administrative-level civil servants, members of the First Division Association, are unlikely to take action and will not contribute to the strike fund. But Mr. Alistair Graham, deputy general secretary of the Civil and Public Services Association, said that his union would if necessary take selective action in key areas.

The Civil Service unions have told the Government that they want to take their claim for increased London weighting allowances to arbitration. Ministers were studying the union's decision yesterday, and are expected to reply today. The Government has offered increases of 12.7 per cent, but the civil servants' wanted increases of up to 53 per cent.

Gas workers to seek 20% pay increase

BY NICK GARNETT, LABOUR STAFF

A PAY CLAIM estimated at 15 to 20 per cent was agreed yesterday by national union officials and shop stewards representing 40,000 manual workers in the gas industry.

The claim will be finalised by union negotiators today. It includes an increase in basic rates to protect the workforce against inflation over the next year, changes in pay structure, a shorter working week and new holiday and bonus payments.

The workers, including pipe layers, maintenance men and fitters, are due to settle in January. The claim will be lodged at the end of this month.

Mr. John Edmonds, the Genera and Municipal Workers' Union national officer for the industry, said the negotiators would probably be seeking a basic rate increase of just over 10 per cent.

Pay structure alterations sought by the unions will involve extra consolidation of supplements, including a £5.30 "general obligations payment," with changes in the way bonus is calculated.

The manual unions will be seeking a 37-hour week and longer holidays, as parity with white-collar staff. They also want holiday pay to reflect average earnings more closely.

Yesterday's delegates conference also decided to take action from January 1 against what it believes to be "cowboy" contractors.

The General and Municipal, the largest union in the industry, says some contractors on gas pipe laying work are using untrained labour.

From next year gasworkers will be instructed not to issue piping, fittings and other materials from stores to contractors' men who do not have trade test certificates. They will also refuse to complete any work left unfinished

APPOINTMENTS

New chairman for Combustion Systems Board

Dr. Jack Birks, a managing director of the British Petroleum Company, has been appointed to succeed **Mr. Lee F. Robinson** as chairman of COMBUSTION SYSTEMS. Mr. Robinson will continue as a director of the company.

CSL was formed in 1972 by three UK organisations, the National Coal Board, BP and the National Research Development Corporation, to develop, commercialise and co-ordinate fluidised combustion technology and related processes throughout the world.

★

Mr. R. A. Parsons has been appointed chairman of BOWTHORPE HOLDINGS. Formerly deputy chairman, Mr. Parsons joined the business shortly after it was founded in 1936 by the late Mr. Jack Bowthorpe.

★

Mr. Angus George Millar has been appointed an additional director of UK PROVIDENT.

★

The past chairman of the Association of Consulting Scientists, **Dr. J. H. Burgoyne**, is to chair the independent committee being set up by Mr. Anthony Wedgwood Benn, Energy Secretary, to review offshore safety regulations and procedures governing oil and gas industry activities.

★

Mr. Hugh Hobhouse has been elected deputy chairman of TAUNTON CIDER.

★

Mr. Said Ahmed has been appointed to the Board of UNION BANK OF THE MIDDLE EAST in Dubai, UAE. Until recently he was chief adviser to the Saudi Arabian Monetary Agency (SAMA) in Jeddah. **Mr. S. Nicholas Wynne** becomes manager —foreign exchange of the Union Bank.

★

New appointments within Foster Brothers Clothing Company Group are: in FOSTER MENSWEAR, **Mr. Brian Wood** becomes assistant managing director, **Mr. Norman Phillips** merchandise director designate, and **Mr. Frank Taylor**, a director. At DORMIE MENSWEAR, **Mrs. Betty Lawrence** is to be the first woman managing director in the Foster Group, and **Mr. Tony Gray** has been made assistant managing director.

★

Wigham Poland Group has formed a company called BVF (UNDERWRITING MANAGEMENT). Its directors are **Mr. D. R. Collins** (chairman), **Mr. D. Fox** (chief executive), **Mr. H. K. Padfield**, **Mr. C. J. Ridgwell**, **Mr. J. H. Chappell**, **Mr. T. A. Godwin** and **Mr. G. Isteed** (secretary). The new concern will manage the company underwriting of the Wigham Poland Group.

★

Mr. Tony Painter has been appointed regional director to the southern regional office of the MOTOR AGENTS ASSOCIATION. Mr. Painter is executive director of the Advertising Standards Authority.

★

Mr. A. D. Househam becomes chairman of the WARRINER AND MASON GROUP taking over from **Mr. P. O. H. Grierson**, a director of Warriner's parent company, Gallaher, who will remain on the Warriner Board. Mr. Houseman will continue as managing director of the Warriner and Mason Group.

★

Mr. David Bovill has been appointed an executive director of the BPT ECONOMIC STUDIES GROUP, to expand the firm's consulting practice in the highway and public transport planning sectors. He leaves the post of head of the transport planning section of the overseas unit of the Transport and Road Research Laboratory.

★

Mr. George Georgiades has joined the London office of the FIRST NATIONAL BANK IN ST. LOUIS as manager of foreign exchange.

★

Mr. T. D. Parr has been made a regional director of the north west regional Board of LLOYDS BANK. He is a director of William Baird and Company.

★

Mr. Peter Gelpke has been appointed deputy chairman of COMEX DIVING. He will have responsibilities for all the company's activities in North-West Europe and will be based in London.

★

Mr. Jim Lawrence has been appointed managing director of UNICLIFFE. Previously he was operations director for both Coty and Unicliffe for the Pfizer consumer products division.

★

Chandler Hargreaves Whittall and Company has acquired the underwriting agency business of Harris and Graham and a majority holding in Harris and Graham Associates. The underwriting agency business of Chandler Hargreaves Whittall (Underwriting Agencies) and Harris and Graham will be merged to form CHANDLER GRAHAM and the Board will consist of **Mr. A. D. Tennent** (chairman), **Mr. J. Harrison** (managing director), **Mr. R. J. L. Bramble**, **Mr. F. B. Pope**, **Mr. P. E. Pascall** and **Mr. H. J. Thompson**.

★

COMMUNICATIONS STUDIES AND PLANNING has appointed two additional directors, **Mr. Hugh Collins** and **Mr. Stephen Connell**.

★

A new honorary office has been created by the INSTITUTE OF PERSONNEL MANAGEMENT with the election of **Mr. Jack Coates** to the position of president elect. Mr. Coates, who is general manager, international personnel co-ordination, ICI, will take over the presidency when Baroness Seear ends her two-year term of office at the end of October 1979.

APPOINTMENTS

Production Planning and Development

- THIS is a new appointment at the London headquarters of an international consumer products group whose manufacturing resources are deployed all over the world.
- THE task is to maintain the company's leading position in the industry through the assessment of advances in product and process technology and the forward planning of long-term production strategy.
- THE role is a world-wide co-ordinating one, demanding Board level or general management experience in an engineering industry concerned with development of sophisticated machinery.
- AGE – probably in the middle 40s.
- SALARY is negotiable around £20,000 and unlikely to be a limiting factor.

Write in complete confidence to Dr. R. F. Tuckett as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON WIN 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Investment Management

for the pension fund of a major British group of companies, based in the West End of London. Investments exceed £70m, with a substantial inflow of new money.

- THE task is to formulate investment policy and to be fully responsible on a day-to-day basis for the management of the investments of the fund.
- THE essential requirement is for investment management experience. Preferably this will have embraced responsibilities for both equities and gilts in a large pension fund run on modern lines.
- SALARY negotiable around £15,000. Preferred age early thirties.

Write in complete confidence to J.B. Tonkinson as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON WIN 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Estates and Project Manager

A major international bank with assets currently in excess of £15 billion, is looking for an experienced man or woman to assist with their premises expansion programme.

You will report to the International Real Estate Manager and will be responsible for:- ● Handling the acquisition and disposal of premises, lease reviews and associated legal matters. ● Instructing architects, engineers and negotiating with contractors, coupled with the general supervision of construction work. ● Dealing with all aspects of office relocation.

Although the position is London-based, a considerable amount of travel will be involved, since it is envisaged that you will cover development and refurbishment programmes on a world wide basis.

Ideally you will be a chartered surveyor, but other applicants with considerable practical and directly relevant experience will be considered. It is unlikely that anyone under the age of 30 will have gained the required experience.

Starting salary negotiable around £10,000 will be supported by a wide range of benefits, including low cost mortgage assistance, non-contributory pension and life-assurance, free lunches, BUPA and profit sharing.

If you believe you meet the requirements, please write with full details of achievements to date, including salary progress, to Alastair Myers at the address below, quoting reference: EPM/291/FT. Please list separately any companies to which your application should not be forwarded. All replies will be acknowledged.

B&B
CONFIDENTIAL REPLY SERVICE
Benton & Bowles Recruitment Limited,
197 Knightsbridge, London SW7.

Chief Executive

Hampshire coast. to £15,000 plus car and bonus.

A private company with a seven-figure turnover (part of a larger group) importing, processing and marketing specialised raw materials for construction and industrial users seeks a new general manager, to be responsible to the group Board. There is a considerable scope for improving profitability by better marketing, better margin control, management development, product group profitability studies and product rationalisation.

Candidates should ideally be aged 35-40 (30 and 49 are probably the extremes) with relevant prior experience in a marketing-oriented environment. The need is for a modern manager with an exceptional record of participation in profit improvement, preferably in a similar sector. Prospects are not confined to this subsidiary.

For a fuller job description write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating briefly but explicitly your relevance and quoting reference 7023/FT.

JC&P

THE UNIVERSITY OF PAPUA NEW GUINEA
(PORT MORESBY)

Applications are invited for the posts of SENIOR LECTURER/LECTURER IN COMMERCE. The Department of Economics has two vacancies for staff in Commerce. The appointees will be engaged in the teaching of Accounting and Management in Degree and Diploma programmes in Commerce and Economics. The full range of Accounting subjects is taught, but applicants with a specialised knowledge of Taxation, Auditing and Business Management would be preferred. Candidates should have previous university teaching experience and a relevant higher degree. Previous employment in a developing country would be an advantage. Enquiries may be made to the Chairman of the Department for further information. Salary scales Senior Lecturer K14,429-15,176 p.a.; Lecturer K9,048-14,218 p.a. (£1 sterling = K1.35). In addition, an allowance of K1 300 p.a. if single is payable. An extra K1,000 Marriage Allowance and K156 per child Child Allowance may also be payable. Conditions include provision of housing and annual leave fares. Detailed applications (2 copies) with curriculum vitae, three referees, and small photograph to be sent direct to Secretary, Box 4820, University PO, Papua New Guinea by 22 December 1978. Applicants resident in the UK should also send one copy to Inter-University Council 90-91 Tottenham Court Road, London W1P 0DT. Further particulars may be obtained from either address.

INTERNATIONAL INVESTMENT FUND

Manager with headquarters in New York seeks assistant to cover rest of world. Experience in both trading and analysis of both currencies and securities desirable. Apply in full with references. Only the best will be interviewed November 7 to 17 in Europe. Write Box F.1058, Financial Times, 10, Cannon Street, EC4P 4BY.

WE DON'T WANT SALES PEOPLE! We want people who have a flair for talking to executives in the area of finance. Our work is interesting, our service invaluable. Nothing is easy in this world but a need exists for our services that makes it easier. Commencing salary £5,000 + if you are about 30 years old and looking for a good future please telephone us for an appointment on 852 2491.

The National Federation of Building Trades Employers
Eastern Region

invites applications for the post of Director of its Eastern Region which covers the counties of Beds., Cambs., Essex, Herts., Norfolk and Suffolk. The Regional Office is located in Cambridge. The present Director retires in April 1979. Responsibilities include the administration of a large Region and the efficient conduct of its business. This is a major task requiring considerable managerial skill and administrative ability, involving direction of the activities of Regional staff, maintaining communications with Local Associations and member companies and with other organisations and official bodies and co-operating with Headquarters staff. The Director is also responsible for implementing Federation policies in the Region, for the financial affairs of the Region and for the provision of guidance to the elected Officers of the Region. Attendance at meetings throughout the Region, at London headquarters and adjacent Regions is required entailing a considerable amount of travelling.

Applicants should hold a degree or professional qualification and have a sound knowledge of the building industry and economic affairs—a legal background and knowledge of contract law would be desirable. It is envisaged that the successful applicant will be around 40 years of age. Starting salary by negotiation, depending on age and qualifications. A car is provided. Applications, with curriculum vitae, marked Private & Confidential, to Assistant Director-General, NFBTE, 82 New Cavendish Street, London W1M 8AD, by not later than first post on 6 November 1978. It is hoped that the successful applicant will be able to take up the post by not later than 1 March 1979.

Outstanding sales position available with

BUSINESS WEEK

one of the publications of
McGRAW HILL INCORPORATED

Successful applicant will be Maidenhead based, working in the U.K. with possible extension to activity to other European countries. Work will involve introductory Management Reading Programme to corporations. Contacts will be at high directorial level. Remuneration by salary, commission and expenses. Interviews in London or Maidenhead week beginning 13th November.

Telephone Ralph Richfield
Marketing Manager
Business Week
on 0628 23431.

FIELDING NEWSON-SMITH & CO.
have a vacancy for a
SENIOR VALUATIONS CLERK
able to take departmental responsibility.
Please telephone 01-606 7431.

COMPANY NOTICES

TANKS CONSOLIDATED INVESTMENTS LIMITED
formerly
Tanganyika Concessions Limited

NOTICE TO HOLDERS OF ORDINARY STOCK
DIVIDEND NO. 63

NOTICE IS HEREBY GIVEN that the Interim Dividend declared on 6th October 1978, at the rate of 4p per 50p unit of Ordinary Stock for the year ending 31st December, 1978 will be paid on or after 24th November 1978, to Stockholders registered in the books of the Company on 27th October 1978, and to holders for the time being of Stock Warrants to Bearer as indicated below.

Holders of Stock Warrants to Bearer must arrange for an Authorised Depositary to deposit Coupon No. 63 therefrom at the office of the Company's Paying Agents:—
Tanganyika Holdings Limited,
6, John Street,
London WC1N 2ES

or to deposit this Coupon in BRUSSELS at:—
Societe Generale de Banque,
3, Montagne du Parc,
or
Banque Lambert,
24, Avenue Marnix.

or in PARIS at:—
Credit du Nord et Union Parisienne,
6 & 8, Boulevard Haussmann,
or
Messrs. Lazard Frères & Cie,
5, rue Pillet-Will.

or in SWITZERLAND at:—
Swiss Bank Corporation,
Aeschenvorstadt 1,
Basle,
and all its Swiss Offices.

or in LUXEMBOURG at:—
Banque Générale du Luxembourg,
14 rue Aldringen,
or Banque Internationale a Luxembourg,
2 boulevard Royal.

Coupons presented for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by declarations to the effect that they have neither been received from nor are the property of residents in the United Kingdom.

United Kingdom Income Tax at the rate of 33% will be deducted:—
(a) Where holders' registered addresses are situated in Great Britain or Northern Ireland.
(b) Where other holders on the Principal Register have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their Account.
(c) From payments made in respect of coupons presented in London unless such coupons are accompanied by Inland Revenue Declarations.

By Order of the Board
BAHAMAS INTERNATIONAL TRUST COMPANY LIMITED
Secretaries

Dated the 3rd day of November, 1978
P.O. Box N.7768,
Nassau,
Bahamas.

NOTICE OF RATE OF INTEREST — BANQUE EXTERIEURE D'ALGERIE
U.S.$40,000,000 FLOATING RATE NOTES DUE 1985

In accordance with the provisions of the Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated as of 17th October, 1978, notice is hereby given that the Rate of Interest has been fixed at 12 ...% and that the Coupon Amount payable on 2nd May, 1979, against Coupon No. 1 will be U.S.$64.10 and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By CITIBANK, N.A. LONDON
Agent Bank
3rd November 1978

NIPPON CHEMICAL CONDENSER CO., LTD.
(CDRs)

The undersigned announces that the Annual Report per March 31, 1978, of Nippon Chemical Condenser Co., Ltd. will be available in Luxembourg at: Banque Internationale a Luxembourg S.A. and further in Amsterdam at: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope NV, Pierson, Heldring & Pierson N.V., Kas-Associatie N.V.

Amsterdam
31st October, 1978
AMSTERDAM DEPOSITARY COMPANY N.V.

DAIWA SEIKO, INC.

This is to notify EDR Holders that we have received Notice of Resolution of the 23rd Ordinary General Meeting of Shareholders held on Friday 27th October, 1978.

Copies of such Notice are available upon request at the offices of the undermentioned Depositary and the Agent.—
Banque Internationale a Luxembourg S.A., 2 Boulevard Royal, Luxembourg.
Robert Fleming & Co. Limited, 8, Crosby Square, London EC3A 6AN.

London
31st October, 1978.

THE SANKO STEAMSHIP CO., LTD.
(CDR's)

The undersigned announces that the Annual Report 1977 (for the year ended March 31, 1978) of The Sanko Steamship Co., Ltd will be available in Luxembourg at Kredietbank S.A. Luxembourgeoise and further in Amsterdam at
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope NV,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

Amsterdam
31st October, 1978.
AMSTERDAM DEPOSITARY COMPANY N.V.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
U.S.$25,000,000 — FLOATING RATE NOTES DUE 1983

In accordance with the provisions of the above Notes, the rate of interest has been fixed at 11¼% per annum for the semi-annual period ending April 27, 1979.

Interest due on such date will be payable upon surrender of coupon No. 5.

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme.
Trustee.

BOND DRAWINGS

REPUBLIC OF SOUTH AFRICA
8¾% 1970/1982 UA 20,000,000 Loan

Bonds for the amount of UA 850,000 have been drawn on October 23, 1978, in the presence of a Notary Public.
The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at:
3774 up to 4887 incl.

They are redeemable, as from December 30, 1978, coupon due December 30, 1979, and following attached.
Amount subject to redemption: UA 2,000,000.
Amount bought in the market: UA 1,150,000
Amount unamortized UA 12,000,000
Outstanding drawn Bonds: none.

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, November 3, 1978

ROUSSEL—UCLAF
7% 1967/1979 LOAN OF FF 60 000 000

Bonds for a nominal amount of FF 4,869,000 have been drawn for redemption in the presence of a Notary Public on October 23, 1978.

The drawn debentures are those not yet previously redeemed, included in the range beginning:
at 11856 to 31705 inclusive.

The drawn debentures are redeemable, coupon No. 12 attached, as from December 15, 1978.

Amount called for redemption: FF 5,000,000
Amount bought into the market: FF 131,000
Nominal amount outstanding: FF 5,000,000

Outstanding drawn bonds:
6 to 7 incl., 99 and 100, 164 and 165, 321, 439 to 454 incl., 641 and 642, 2159, 2347, 3145 to 3244 incl., 5156 and 5157, 5175 and 5176, 5180 to 5183 incl., 6424 to 6426 incl., 8056, 8065 and 8066, 45821 to 45827 incl., 47486 to 47491 incl., 53860 to 53869 incl., 55879 to 56012 incl., 56025 to 56030 incl., 56575 to 56579 incl., 56635 and 56636, 56638, 57108 and 57109, 57198 to 57220 incl., 57318 to 57322 incl., 57371 to 57373 incl., 58392 and 58393, 58480 to 58484 incl., 58982 and 58983, 59180, 59303, 59743, 59934

The Trustee
KREDIETBANK
S.A. Luxembourgeoise
Luxembourg, November 3, 1978

REDERNES SKIBSKREDITFORENING
6% 1966/1980 UA 8,500,000

Bonds for the amount of UA 710,000 have been drawn on October 23, 1978 in the presence of a Notary Public for redemption on February 25, 1979.

The drawn debentures are those NOT YET PREVIOUSLY REDEEMED included in the range beginning
a) for bonds of nominal UA 1,000 at 2983 up to 4293 incl.
b) for bonds of nominal UA 250 at 12111 up to 12678 incl.

They are redeemable coupons No. 27 and following attached, as from February 25, 1979.

Outstanding drawn Bonds
a) Bonds of nominal UA 1,000
1415 and 1416, 1520, 1722 to 1729 incl., 2074, 2501 and 2502, 2531 and 2532, 2569, 2568, 2575, 2605 and 2606, 2608, 2622 and 2623, 2686 and 2687, 2700, 2789, 2794, 2940 and 2941, 2942 and 2943, 5937 and 5938.
b) Bonds of nominal UA 250
11501 and 11502, 11504 and 11505, 11507 and 11508.

Furthermore Redernes will repay on February 25, 1979 the last instalment, i.e. UA 690,000 at 100.50 percent in accordance with the terms and conditions of the loan.

THE TRUSTEE
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg
November 3, 1978

LEGAL NOTICES

In the Matter of SILROY PROPERTIES LIMITED and in the Matter of the Companies Acts 1948 to 1976.

NOTICE IS HEREBY GIVEN that the CREDITORS of the above-named Company, which is being voluntarily wound up, are required, on or before the thirtieth day of November 1978, to send in their full Christian and Surnames, their addresses, and description, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any) to the undersigned Brian D. F. Mansfield and Roy Fiddemont of 20, Cannon Street, London, E.C.4, the Joint Liquidators of the said Company, and, if so required by Notice in writing from the said Joint Liquidators, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such Notice, or, in default thereof, they will be excluded from the benefit of any distribution made before such debts are proved.

Dated the 1st day of November 1978
B. D. F. MANSFIELD and
R. FIDDEMONT,
Joint Liquidators.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. FRAGONARD DRAWINGS for Orlando Furioso. Until 15 December. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. ANTHONY EYTON. Recent Paintings and Drawings.

DAVID POOLE shows the Official Portrait to commemorate the Silver Jubilee Luncheon at Guildhall together with associated studies. THE BRADSHAW ROOM, 17 Carlton House Terrace, S.W.1. Mon.-Fri. 10-5. Until Nov. 10.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. MAXWELL ARMFIELD.

FURNEAUX GALLERY of Wimbledon presents an exhibition of new paintings by PETER NEWCOMBE from Oct. 24 to Nov. 10 at the Alpine Gallery, 74, S. Audley Street, London, W.1. 10.30 to 5 daily (except Sats & Suns). Late opening to 8 pm each Tues. Tel. 629 2280.

JOHN PIPER. New paintings and ceramics from 4-30 November, at Bohun Gallery, 13, Station Road, Henley-on-Thames, Oxon. Tel.: 04912 6228.

MALL GALLERIES, The Mall, S.W.1. The Gate of Heaven. Landscapes by Geoffrey Robinson. Mon.-Fri. 10-5. Sats 10-1. Until 15 Nov. Adm. free.

RICHMOND GALLERY, 8, Cork Street, London, W.1. 01-437 0264. Sculpture by LESLIE SUMMERS (Retrospective Exhibition) until 18th Nov.

SUSAN SWALE'S SALOME. Fieldbourne Galleries, 63, Queen's Grove, N.W.8. 586 3600.

THE MARKET PLACE GALLERY, Colyton, Devon. Tel. (0297) 52841. Watercolours by CHARLES KNIGHT. 28th October until 24th November. Open 11 to 1 and 2.30 to 5, Monday to Saturday. Closed Wednesday afternoons.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

CONCERTS

ROYAL FESTIVAL HALL. (01-928 3191.) Monday 6 LONDON SYMPHONY ORCHESTRA. Sergiu Celibidache. Rossini: Ov., The Thieving Magpie; Debussy: La Mer; Rimsky-Korsakov: Scheherazade.

PUBLIC NOTICES

CITY OF BRADFORD METROPOLITAN COUNCIL
Bills amounting to £2,500,000 were issued on 1 November, 1978 for maturity on 31 January, 1979 at a rate of 10¼%. Applications totalled £16,500,000. Bills outstanding total £5,000,000.

SHOPS AND OFFICES

BEDFORD SQUARE (off), W.C.1. Modern offices, 2,760 sq. ft. C.H. Garaging 4 cars. 10-year lease. £22,500 p.a. Broomhalls, 01-222 1324.

M40 M4 M5 LOCATION. Commercial property in Thames Valley area. Comprehensive Register maintained. Apply Croft and Co., Windsor 51251.

BUILDING LAND AND SITES

BUILDING LAND. 3.15 acres situated in the National Parks area of Westmorland with planning permission for 16 dwellings. £26,000. Phone Bradford (0274) 33584. Mr. D. T. Parker.

NORTH LONDON

NEW AIR-CONDITIONED OFFICES TO LET
approx 4,000 sq.ft.
EVERY MODERN AMENITY
IMMEDIATE OCCUPATION
Apply Joint Letting Agents
PEPPER ANGLISS & YARWOOD 01-499 6066
Henry Davis & Company 01-499 2271

MODERN OFFICES

to let on long lease
Northwood Hills, Middx.
4,340 sq ft
on one floor
with car parking
King & Co 1 Snow Hill, London EC1 Tel: 01-236 3000

Peterborough

Development Corporation
FACTORIES 3,000-50,000 sq ft
Ring John Case
0733 68931

Harold Williams Bennett & Partners
Chartered Surveyors
WETTERN HOUSE, CROYDON
EXCELLENT MODERN OFFICES
TO BE LET
6250 SQ. FT.
56 Park Lane, Croydon
01-686 3141

INTERNATIONAL PROPERTY

MUNICH (Germany)
DISTRIBUTION/MANUFACTURING UNIT TO LET

3,750 SQ M (40,000 SQ FT)
Could be split — Next to Motorway E6 and E11 and Subway Station — Airport 5 minutes
Write Box T.4976, Financial Times,
10 Cannon Street, EC4P 4BY.

OSTEND. FOR HIRE from owner. 7,355 m2 modern indust. premises on 1 Ha. All facilities. Splendid situation along highway. Letters to Vandenberghe, 14 Waregemlaan, 8400 Oostende.

SMALL INVESTMENT COMPANY
WITH PORTFOLIO COMPRISING OFFICE/GROUND RENTS
Based in N.W. London, producing approx. £22,900 p.a. exc., for sale.
Further details:
BRENDONS,
1/3 Ashbourne Parade, Hanger Lane, Ealing, W5 3QU. Tel: 01-998 2711

SHOPS AND OFFICES

DOUGLAS, ISLE OF MAN. Athol St. Freehold office building of character in prestige position. Approx. 4,000 sq. ft. 01-520 3471.

SHEPHERDS BUSH. Modern freehold office building for sale. 2,500 sq. ft. net, plus 3-roomed flat. Possession ground floor suitable building society, etc. Full details from Douglas Kershaw and Co., 64-65, Grosvenor Street, London W1X 0BB. Telephone 01-493 2142.

WEMBLEY STADIUM, offices/studio to let. 6,850 sq. ft. net, private car park, centrally heated. £36,000 p.a. excluding rates. Full details from Douglas Kershaw and Co., 64-65, Grosvenor Street, London W1X 0BB. Telephone 01-493 2142.

INTERNATIONAL RESEARCH PREMISES, Slough, Berkshire. 12,240 sq. ft. net. Car parking for approx. 70 cars. Main road position close to town centre. For sale freehold or may consider letting. Apply Sole Agents, A. C. Frost & Co., Windsor 54555.

EAST SHEEN. Mod. S.C. suite. 6,500 sq. ft. New lease, only £30,000 p.a. No premium. Douglas Rackley, 01-935 0074.

SHOP SHOWROOM of over 5,000 sq. ft. and offices, stores and workroom, adjacent to central Abingdon, near Oxford. For sale freehold with V.P. Dunster & Morton, 34, King's Road, Reading. (Tel.: 582 732.)

WANTED

FAMILY TRUST FUND has available £1,000,000 to purchase residential properties let to regulated tenants in London and the South East. Immediate decisions. Agents retained if necessary. Ref. R D A. 01-452 7683.

FACTORIES AND WAREHOUSES

TOTTENHAM CL. Single storey factories, 10,000-30,000 sq. ft. To let or for sale. All amenities. Maurice Andrew, 01-387 0123.

WITHAM, ESSEX, small Industrial Warehouse units now available to let. Contact Donald Moody Ltd, Brentwood (0277) 226622.

CHIPPENHAM, M4 exit 17 2 miles. 40,000 sq. ft. new single-storey warehouse 30 ft to eaves. Might divide. To let £1.25 per sq. ft. Tel. 022 124 263.

HIGHBRIDGE, SOMERSET. Close M5, Junction 22. New factory/warehouse on popular industrial estate. 10,000 sq. ft. plus ancillary offices, etc. £105,000 freehold. Apply: King Miles & Co., Industrial Department, 24, Clare Street, Bristol 1. Tel.: (0272) 294844.

Why is Clwyd ten times more interesting?

Enquiries about industrial and commercial expansion in Clwyd have increased 10 fold over the last two years. Why? Because with its full Development Area status, its large, multi-skilled workforce, proximity to major markets and national/international communications networks, this progressive Welsh county dominates the regional development scene. The news in Clwyd is about sales, not strikes—and it's a great place to live too.

Talk to us about the low-cost sites, the factories and the extensive financial aid available to incoming industries—we'll make you a deal you can't refuse.

Contact Wayne S. Morgan, County Industrial Officer, Clwyd County Council, Shire Hall, Mold (tel. Mold 2121) for free colour brochure.

A FINANCIAL TIMES SURVEY

Forthcoming Property Survey

CITY OF LONDON

The provisional editorial synopsis and date are set out below

Date: Friday 24th November 1978

● INTRODUCTION ● RENTS
● DEVELOPMENT ● ARCHITECTURE
● RELOCATION ● PLANNING
● RETAILING IN THE CITY

For further information on advertising rates in this Survey please contact: Cliff Caunter
Financial Times, Bracken House
10 Cannon Street, London, EC4P 4BY
Tel: 01-248 8000 Ext. 234

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, publication dates and size of surveys in the Financial Times are subject to change at the discretion of the Editor.

مكتامن الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTERS

Extends reliability

TWO MOVES of considerable significance to the computer user have been announced by the makers of "Nonstop" computer units, Tandem Computers, which now claims a mean time between failures of a staggering 58 years for its twin-computer systems.

Firstly the company is extending the concept of its high-speed duplicated communications bus, which is at the heart of the system's ability to survive failures in one or more components and yet carry on functioning as if nothing had happened, to extended communications so that with "Expand," as many as 255 computer complexes at widely separated geographical sites can be handled. This means that over 4,000 processors could be operating on the network under Expand—all working in the fault-tolerant mode pioneered by the company with its Guardian operating system.

The second move by the company is to unveil the development of "Enform," which is a method of obtaining information from databases through plain English (or German or French) statements that make the work of setting up requirements for analyses of sales performance, preparation of invoices, etc., child's play even for staff with no knowledge of computer languages or data processing routines.

Significant in this instance is the company's claim that for the average user, Enform could mean a reduction of between 30 and 40 per cent in the amount of applications programs that have to be written to carry out specific tasks. It also produces its reports at much lower cost and more quickly than when using Cobol, for instance.

Describing the Expand development this week, the company's managing director, Mr. Jack Chapman, said that in such a network, all computers were ranked equally and users need not be aware of the geographic location of resources.

Adding new centres to a network was simplicity itself: they were simply plugged in, whereupon all the other processors registered the fact that there was an increase in working power and jobs could be spread more widely and thus be carried out faster.

The company, which is four years old, is expanding very quickly, this year's shipments being put at $28m against $7m and $1m in the preceding periods. It makes its own extremely fast processors and all equipment which is essential to the concept of continuous availability such as the high speed dual data buses linking the various parts of the computers with each other.

Tandem operates 187 High Street, Uxbridge, Middx. 0895 57001.

● HEATING

Better heat transfer

A DESIGN of stainless steel *jacket for enclosing industrial* steel pans, autoclaves, mixers and similar thermal vessels is claimed by the manufacturer, Chemplant Stainless of Rickmansworth, to offer substantially improved heat transfer for both heating and cooling.

The jacket is dimpled inwards to touch the vessel and the dimples are punched through, each being fully plug welded to the vessel. The interspace is much narrower than that normally used and is about 0.5 ins. Flow *guides are also placed in the* interspace.

The dimples cause turbulence in the steam or water flow, improving the heat exchange and the guides raise the fluid velocity to ensure better distribution of the heating or cooling fluid. The design is also a good deal stronger than the conventional unsupported vessel and jacket.

Independent tests have recently been carried out at Imperial College in which two identical 120-gallon stainless pans were tested with ordinary and new designs of jacket.

The vessels were installed in *parallel and tested simultane*ously to ensure uniformity of conditions for both heating by steam and cooling by tap water.

The college concluded that because of the substantially improved heat transfer, operating times are considerably reduced so that less steam is consumed and fuel savings are available.

For example, heating times from 25 to 100 deg C were cut by 39 per cent and cooling over the same range by 32 per cent.

According to the Department *of Energy, Food and Drug and* Cosmetic Colours of Sandy, Bedford, which is using the jackets, has found that its gas fired steam boiler does not have to work so hard and that gas consumption for the first quarter of 1978 has been cut by 25 per cent in comparison with the same period last year. Furthermore, production is up 40 per cent because cycle times have been cut.

More from Chemplant Stainless, Coppermill Lane, West Hyde, Rickmansworth, Herts. (0895-82 2466).

● SAFETY

Fire safety standards

THE FIRE Extinguishing Trades Association (FETA) and the Fire Offices' Committee (FOC) have set up a scheme to ensure provision of the right type of fire extinguishers and to improve their maintenance.

Principal objective is to raise the level of trading standards so that only proven equipment is used; that the right extinguisher is sold for the risk; and that the extinguishers, once properly installed, are maintained regularly and efficiently.

All FETA members marketing portable extinguishers who undertake *to comply with the* higher standards will be listed and attention of those who buy extinguishers will be drawn to the list.

The list is to be brought up to date, at least once a year, when companies will be taken off if they fail to maintain the standards, or new member companies added who comply with the standards.

All extinguishers coming under the scheme must be approved by the FOC, which will test a sample number of extinguishers to ensure that they do the job required of them. It will note that they are properly labelled and periodically checks will be made on quality control at the manufacturer's premises.

Manufacturers must carry out the final assembly and charging (or filling) of extinguishers themselves; they will be responsible for seeing that construction is in accordance with the relevant British Standards and FOC approval and also respons*ible for fixing identification and* instruction labels.

FETA now has 70 members and all are involved in the manufacture, distribution and servicing of portable fire extinguishers or manufacture of fire-fighting hose, fittings and ancillary equipment. The association's headquarters are at Beech House, 35-37 London Road, Reigate, Surrey RH2 9QE (07372 41841).

Emergency oxygen supply

THE SUPPLY of oxygen is vital to heart attack victims, asthma and cardiac patients and anyone who has inhaled noxious smoke *or gas. Although hospitals* and ambulances are fully equipped and able to provide instant supplies of oxygen, there arise a number of situations, in industry and athletic environments, where emergency treatment is necessary but not easily available.

Just introduced to this country from the U.S. where it is said to have proved itself as a lifesaver, is a simplified miniature first aid treatment, using an emergency oxygen supply from solid state sources.

The unit measures 10½ x 3½ inches. Besides being lightweight, it is also disposable non-explosive and has an oxygen shelf life warranty of three years.

The unit carries full instructions for operating the supply so that no operator training is needed. From its 90 litres capacity it is simple and quick to provide a controlled flow rate of 6 litres of oxygen for 15 minutes. No regulators gauges or valves are necessary.

It is suggested for use by rescue and first aid organisations in industry, shipping and local authority services including sports centres and welfare and, because of its compact size and light weight, a handier alternative to large, bulky supplies carried by ambulance fleets.

Further from Fire Service Supply Company, PO Box 72, Altrincham, Cheshire (061-928 8055).

● COMMUNICATIONS

Key units kept in touch

NOVA SCOTIA will be the first Canadian province to set up a complete two-way radio system linking all Government departments and services throughout its territory.

This network, costing a total of $6.9m, will provide fast two-way radio contact between police and health services, municipalities, rescue operations and all other government departments and agencies. Of this cost, all the two-way radio equipment totalling close on $2m will be supplied by Pye Electronics, a Canada-wide communications company with headquarters in Montreal. The company was also awarded a five-year service contract totalling $1m.

The two-way radio equipment will be Pye model M206 mobiles, FM sets *for rugged operation* within the VHF band. Some 500 of these will be installed in cars, aircraft, trucks and other vehicles. Modified versions will be installed at base stations located to give complete coverage of the province. The network is expected to be a prototype for other Canadian provinces, many of which are struggling along with outdated equipment and unco-ordinated systems—as was Nova Scotia.

Pye Telecommunications, St. Andrews Road, Cambridge CB4 1DW. Cambridge 61222.

● MATERIALS

Clear film shows up the colours

ULTRA-HIGH CLARITY polypropylene film, developed for packaging textiles, has been launched by GS Packaging, a *member of the Harkwell Group.*

This follows the installation of a cast line at GS Packaging's new factory—Aber Works, Aber Road, Flint, Clwyd, North Wales (Flint 5151).

Aberlene GS 5000 has extra*ordinarily good optical proper*ties. Available in standard gauges of 30, 38, 50, 60 and 70 microns, as well as "special" gauges, it is ideal for counter displays. It has ability of transmit colour accurately and a maximum haze factor of 3 per cent at 70 microns. This means that when fashion merchandise is displayed, colour distortion caused by outer presentation packaging materials is virtually eliminated. Outstanding crease-resistance properties and excellent tensile strength are also characteristics.

Nylon for tougher bearings

IMPROVED performance nylon-based bearing material has been introduced by Polypenco. Nylatron NSB has impressive properties in such applications since it outwears premium bearing materials such at ptfe-filled acetals by over two to one. It will generally take increased loads.

Nylatron NSB is a 66 nylon with solid lubricant and other additives. It is available in stock shape form; rods up to 6 ins diameter and plates up to 2 ins thick.

Apart from its superior wear performance NSB is similar to *66 nylon. It is as tough, as* strong and as easy to fabricate.

This new product extends the range of bearing applications for plastic materials where the parameters are more arduous than previously available plastics have been able to meet.

Polypenco, POB 56, Welwyn Garden City, Herts. Welwyn Garden 21221.

● PACKAGING

Tiny unit to measure the g's

SHOCK FUSE is a disposable, mechanical shock indicator relying on two steel balls held in suspension by a carefully calibrated spring, to give an irreversible visual indication that *the predetermined threshold* shock level has been exceeded. Any shock in excess of the preset impact intensity will dislodge the balls.

Shock-Fuse is only 18 mm long and 14 mm diameter; it is self-adhesive, weighs 2 grams and has an operating temperature range of 35/150 degF.

To prevent accidental triggering in transit the device is immobilised by means of a removable plug.

It is available in a sensitivity range between 5g to 150g with an accuracy of the order of plus or minus 15 per cent.

The increasing sophistication and value of electronic appliances and components creates a number of problems, some of which can be related to malfunctioning due either to accidental transit damage or careless handling. Shock-Fuse has been developed to provide a simple and inexpensive means of checking that the product to which it is attached has not undergone a shock in excess of the maximum level previously *determined to be the damage* point.

The device will respond to multi-directional shocks in excess of 8 milliseconds. Optimum accuracy is obtained when the shock is applied from any direc*tion in a plane perpendicular to* the axis of the balls and spring. Omni-directional response may be obtained by mounting two Shock-Fuses at right angles.

Used on any shock-sensitive product, Shock-Fuse will prevent *the use or installation of* damaged equipment and will aid in determining damage liability by limiting warranties. It will also act as a significant psychological deterrent from mishandling and will encourage proper care in transit of the equipment *to which it is attached.*

U.S. experience indicates that the device will find useful applications on microprocessors, computers, photocopiers, medical equipment, gyroscopes, test equipment, guidance systems and similar products.

Further details from A. Latter and Co. 43 South End, Croydon, CR9 1AN (01-688 9335).

● INSTRUMENTS

Lower cost multi-trace recording

A CONSIDERABLE step forward in the economics of ultraviolet chart recorder manufacture and use has been made by SE Labs (EMI) with the introduction of the SE6300.

Paper width has been pushed out to twelve inches while the price has been kept down to that normally associated with eight inches. At the same time, however, *the machine can, if the* work demands, be used with the narrower paper, economising on paper costs in the long term.

Available with 12 or 24 channels, the recorder can be purchased for less than £2,000—and EMI points out that its own earlier 12-inch machine was priced at £4,000 two years ago. The 6,300 claims EMI, costs about 30 per cent less than today's average twelve inch recorder.

Much of the cost advantage has come from exploiting modern microelectronics to the full, particularly in terms of reducing expensive mechanical components to a minimum in the switching and controls sections.

SE *Labs'* standard miniature galvanometer is used, consisting of a moving coil system suspended by a torsion strip to which is attached a tiny silver-surfaced mirror. A lens is aligned with the mirror to focus the light beam. When the galvos are installed in the magnet block the angular deflection of the mirror in each case is directly proportional to the current in the coil; the movement is damped by silicone fluid held at constant temperature.

Consistent writing at high speeds is provided by a fully stabilised 100-watt mercury arc lamp in conjunction with an optical system that maximises the collection efficiency of ultraviolet and results in writing speeds up to an astonishing 2,500 metres/sec. Thus, using appropriate high-frequency galvos, the user can obtain first-class resolution.

The servo-operated chart drive offers 13 different speeds from an unsurpassed five metres/sec down to 0.5 mm/sec, with a 1, 2, 5 switching sequence. At the high speeds, recording times of 0.5, 1.0 and 2.0 secs can be set from the front panel.

With 24 overlapping traces on the paper, the problem of identification always arises and is overcome in the SE Labs machine by interrupting (via the optics) the traces sequentially, at the same time placing an identifying number (via an optical wheel arrangement) on the paper margin opposite the break in the trace.

The recorder makes its own timing reference lines across the paper (there are six preselectable intervals), and event marks may also be made on the chart using manual or remote control.

SE Labs EMI is at Spur Road, Feltham, Middlesex TW14 0TD (01-890 1477).

● COMPONENTS

Big nylon tubes

A COMPANY which for many years has specialised in the manufacture of nylon tubing up to 2 inches in diameter for the motor, pneumatic and brewery industries is now producing it in bigger, 2 to 4 inches, diameter.

Based on Nylon 11 from Ato Chimie of France, the piping is said to have outstanding mechanical and electrical properties—moisture absorption at 65 per cent R.H. (relative humidity) is only 1.1 per cent, and piping can be used for limited periods at temperature from 100 to 130 degrees C. A special heat-resisting grade is also available for continuous operation at *110 degrees C.*

The company says that the larger size of tubing, which is resistant to petrol, oils and hydrocarbons generally, could now be used increasingly in the chemical and oil industries. Because of excellent antifrictional properties, the conveyance of fluids and solid particles can be improved by about 30 per cent compared with metal pipes.

More from West of England Plastics, Hampton Street, Tetbury, Glos GL8 8LD (0666 52227).

Needs less maintenance

HOPING TO win back a substantial portion of the new and replacement door market being eroded by foreign imports, is Crosby and Company, Newham, West Street, Farnham, Surrey (02513 23123). The company has invested over £1m in development and machinery to produce its Criterion range comprising doors taken from its standard *range to which are applied* raised carved panels and a new timber protector called Duratec.

The finish has been developed in conjunction with Imperial Chemical Industries and is claimed to obviate the necessity for frequent re-painting and maintenance.

More derision than damage

BY PHILIP RAWSTORNE

Dr. David Owen's defensive capability proved more than adequate yesterday to repel the political incursions of the Tory right-wing into Zambia.

The primitive attack from the Tory backbenches on the Government's military aid to President Kaunda in the end caused more derision than damage.

The Foreign Secretary needed no more sophisticated weapon than a 1976 Hansard to complete the rout, while Mr Francis Pym, Tory foreign affairs spokesman, looked distinctly relieved to have advanced the party's official line on the issue with more caution than his troops.

Mr. Pym's belligerence was confined to his tone of voice: and he pursued answers rather than the action.

What guarantees had been given about the uses to which the Government's military supplies to Zambia were to be put? Did the defence of Zambia include the defence of terrorist bases? Was President Kaunda doing all he could to get the Patriotic Front to the negotiating table and a peaceful settlement?

Dr. Owen, ignoring the tribal war cries, patiently reiterated that the Zambian Government had given firm guarantees that the equipment would be used for no other purpose than the defence of Zambia.

"I am prepared to rest on the integrity of President Kaunda and the Zambian Government," he declared quietly.

Britain had been asked for assistance as a fellow-member of the Commonwealth—and it was no use trying to resist the spread of other influences in Africa if the Government were not prepared to respond to such appeals.

President Kaunda had taken political risks in his efforts to achieve a peaceful solution in Rhodesia, Dr. Owen declared.

But was he prepared to restrain the guerrillas' "campaign of murder and terrorism"? demanded Mr. Reginald Maudling, the former shadow Foreign Secretary now turned distinctly rebellious.

Bristling with hostility, the ranks of his new-found allies on the Tory right pressed close behind.

Mr. Julian Amery accused the Government of collusion with Russia in shielding the guerrillas: Sir John Eden called on the Foreign Secretary to demand the dispersal of the Patriotic Front forces.

Mr. Eldon Griffiths protested that the British military supplies were bound to get into the hands of the terrorists. Would British troops be sent into Zambia to defend British civilians he demanded?

Dr. Owen retorted that President Kaunda, a sovereign head of state, had made his own decision to support the liberation forces.

"We will not support them." "We will not support them," he declared. Nor would British servicemen be sent to Zambia, he repeated.

But the Foreign Secretary professed mild surprise at the Tory opposition to the Government's decision to provide aid. Producing his Hansard for 1976, Dr. Owen recalled that it was Mr. Amery who had then led the movement for giving not only Zambia bu other black African states arms and other supplies.

It had been Mr. Griffiths who had then urged the Government to send them military advisers as well. Amid Labour hilarity, the discomforted Tory backbenchers retreated, leaving Mr. Pym to defend their rear and salvage what he could from the encounter.

Zambia to get more arms—Owen

BRITAIN IS to send further military aid to Zambia, Dr. David Owen, Foreign Secretary, told the Commons.

But the equipment being supplied to Zambia's police and armed forces will not be passed on to the Rhodesian guerrillas based in the country, he assured MPs.

Assurances had been received from the Zambian Government that the aid—which he estimated would total about £10m—would only be used to defend the country, and the air defence equipment was only intended to protect Lusaka, the capital.

Dr. Owen's statement came only hours after the latest Rhodesian raid which he said had penetrated "deep into Zambia."

He came under immediate attack from Mr. Francis Pym, the Tories' acting spokesman on foreign affairs. Britain, said Mr. Pym, should have demanded the disbanding of Joshua Nkomo's forces as the price of the arms airlift to Zambia.

Dr. Owen admitted that he could not guarantee that the arms would not reach the guerrillas, but he trusted President Kaunda and his Government.

Some ground equipment and spares had already been provided and more would be sent after detailed talks.

As a result of the talks with President Kaunda in Nigeria in September, Britain had agreed to make an advance payment of £20m now for copper to be supplied in 1980. This was to help meet Zambia's urgent need for foreign exchange.

Technical assistance had been offered to help the development of Zambian cobalt production. Financial help had been offered for improving the Zaire section of the Benguela railway and technical help for improving the Angolan section.

The Rhodesian raids into Zambia last month had reinforced the Zambians' concern about national security. Military aid would help Zambia's defensive capability, particularly against air attack. But no British service personnel or aircraft would be stationed there.

Mr. Pym, deputising for Mr. John Davies who is recovering from an operation, said there was grave anxiety and interest about the terms and implications of the arrangement. Dr. Owen's statement was vague.

"What guarantees has the House of the destination of these weapons, especially with the presence in Zambia of substantial guerrilla forces?" he asked. Dr. Owen should explain whether the defence of Zambia included the defence of terrorist bases.

"If that, how can the Government defend it when terrorists are killing innocent blacks and whites in Rhodesia?" He wanted to know whether President Kaunda would do all he could to get Mr. Nkomo to a conference table so that progress to a peaceful settlement could be achieved.

Dr. Owen: "There has been no more difficult decision that I have had to take than on this issue, and we had to take it in the context of an extremely grave and serious situation.

Mr. David Steel, Liberal leader, said that Zambia more than any other country had had to bear the burden of British and UN sanctions. Any British Government should be prepared to consider giving assistance to any fellow-member of the Commonwealth who found their territory violated.

Dr Owen replied that few people in southern Africa had played a more significant role in trying to achieve a negotiated settlement than President Kaunda.

Dr. David Owen

Mr. Reginald Maudling (C. Chipping Barnet) asked if, before agreeing to supply arms, the Government sought from President Kaunda assurances that he would try to restrain the activities of guerrillas.

They were using the relative safety, now to be enhanced by British arms, "to conduct a campaign of murder and terrorism in Rhodesia."

Dr. Owen answered that President Kaunda had made clear his dislike of all civilian casualties on all sides. He and the other Front Line presidents had supported the continuation of the liberation struggle but not, in the case of President Kaunda, at the expense of giving up the route he preferred—a negotiated settlement.

Mr. Andrew Faulds (Lab. Warley E) said the Rhodesian attacks had not been against armed camps, where they would have been met by ground-to-air missiles, but against such places as refugee camps and camps "where women civil servants were being trained."

He asked Dr. Owen for an undertaking that Britain would "readily and effectively" meet Zambia's defence needs, whatever they might be.

Dr. Owen said the Government intended to meet those requests which were "in the defence of Zambia"

Mr. Julian Amery (C. Brighton Pavilion) claimed that giving arms to Zambia meant Britain was providing a "shield" to the host country for Mr. Nkomo's guerrillas.

Mr. Nkomo had just been to Moscow. "This is tantamount to military collusion between Britain and the Soviet Union." Dr. Owen had "exploded to smithereens" his claim to be even-handed between the transitional government and the Patriotic Front, Mr. Amery claimed.

Mr. Eldon Griffiths (C. Bury St. Edmunds), wanted to know how Dr. Owen would defend British personnel, probably civilians, who would be on the ground maintaining these weapons, who might get involved in Rhodesian counter strikes.

Dr. Owen said that no British service personnel would be stationed in Zambia. As to civilian personnel, there was already a large British population in Zambia, which had lived there peacefully for many years.

In the Lords, Lord Carrington, for the Opposition, said the shipments of British arms to Zambia coincided with a stepping-up of the war. Without an explanation, it appears almost to be an intervention in it.

'We cannot yield on NHS wage claims'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A WARNING that the Government cannot give in to big pay claims still pending in the National Health Service was made by Mr. David Ennals, Social Services Secretary, in the Commons yesterday.

He also announced that spending on the NHS next year is to be increased above the level already announced in the expenditure White Paper last February.

In his remarks about pay, Mr. Ennals did not name any particular union. But his words were a clear reference to the large claim about to be put forward by the National Union of Public Employees.

NUPE is asking for a rise of 44 per cent in straight money terms plus extra holidays and a cut in working hours which could make a total package of around 80 per cent.

Speaking in the Health Service debate on the Queen's Speech, the Secretary of State said that the Government wanted to see that justice was done to hospital staff within the scope of what was economically possible.

"But merely to give in to all demands is, I believe, the road to anarchy in the Health Service and in the wider pay contest," he emphasised. "This Government is not prepared to take that road."

He hinted, however, that the Government would look more sympathetically at the 15 per cent claim which is to be submitted by the nurses. They had asked him to look at their position as a special case allowed for under Government pay policy.

"The question of nurses' pay will have to be looked at in the light of the declared policy on pay," Mr. Ennals went on.

Turning to the financing of the NHS, he said the Government had a firm commitment to strengthen and develop it. Therefore there would be an increase available for 1979-80 over and above the estimates in the February White Paper.

Mr. Ennals did not specify the size of the increase. It is not likely to be announced before the next White Paper in February next year. The original 1979-80 figure was for £7.6bn., which is itself an increase of 1.5 per cent on the current year.

The extra sum would give the NHS more room for manoeuvre, Mr. Ennals added. It would make some contribution to the attack on longer hospital waiting lists, and would provide additional resources for the elderly, mentally handicapped children, and other disadvantaged groups.

On pay, Mr. Ennals agreed that the NHS faced many difficult problems. "I hope they can be resolved without industrial action. I deplore any industrial action in the NHS that puts patients at risk."

He hoped to explore with union leaders possible methods of avoiding industrial action in connection with pay disputes in the service.

At the same time, he ruled out any possibility of asking the unions in the health service to forgo their right to take strike action.

This he said, would be unrealistic. Most of the organisations in the NHS including the BMA would refuse to have their hands tied in this way.

"We can't totally exclude the NHS from the battle against inflation," he went on. "I believe those who work in the service have a special responsibility to those they serve.

"A hospital is not like some sort of factory. Human lives are at stake. It cannot be right to put human lives at risk and to cause suffering as an indication of industrial muscle."

From the Opposition front bench, Mr. Patrick Jenkin, the Conservative health spokesman, bitterly attacked the use of industrial action in the health service. He demanded a "patients charter" to prevent the suffering that resulted.

"The unions are using torment and violence as weapons in their struggle," he said. "Have we all gone mad? How can you justify using the sick and injured in this callous and inhuman way?

"Have we reached such a level of moral bankruptcy that we accept with a resigned shrug that one man's pay claim should be another man's coffin?"

Discussion on a patients' charter would mean improved negotiating procedures in the NHS. There must be a greater readiness to deal with industrial relations problems at working level.

It was clear, continued Mr Jenkin, that the NHS would be suffering again in the future. Other unions, including NUPE, were threatening to follow the example of the hospital maintenance supervisors whose dispute had just been settled.

Free vote on safety belt Bill

A FRESH attempt to make the wearing of seat belts compulsory in the front seats of cars and light vans is to be made by the Government, Mr. William Rodgers, Transport Secretary, disclosed.

A Bill will be introduced during the present parliamentary session—probably in the New Year—and MPs will be allowed a free vote on its second reading, he said in a Commons written reply.

This is the second time the Government has attempted to make the wearing of seat belts compulsory.

In 1976, the Road Traffic (Seat Belts) Bill was given a Second Reading by a majority of 110, but foundered in later stages when too few MPs were present to debate it.

The Transport Department said yesterday that the new Bill was expected to be similar to the previous one.

A Government Bill which would give authors payments for their books borrowed from Public Libraries could be among the first new legislation on the Statute Book.

Mr. Michael Foot, Leader of the Commons, announced that Second Reading of the Public Lending Rights Bill would be taken in the Commons on Friday, November 10.

Mrs. Margaret Thatcher, Opposition Leader, gave her support to the measure.

Previous attempts to give authors a new deal from Britain's libraries have failed because of backbench tactics.

Not until the precise terms of the Bill are disclosed and fully considered can it be certain that anti-Public Lending Rights MPs will abandon their opposition.

The Bill to provide pensioners with a £10 Christmas bonus was given a formal first reading in the Commons.

Two other measures also received formal first readings. They were the Companies Bill, which amends the law on fees for the registration of business names; and the Nurses, Midwives and Health Visitors Bill, establishing a central council for the four parts of the UK.

Next week's business

COMMONS

Monday: Queen's Speech debate—Home affairs.

Tuesday: Queen's Speech debate—Rhodesia.

Wednesday: Queen's Speech debate—Rhodesia—at end, debate on sanctions Order.

Thursday: Queen's Speech debate—economic affairs.

Friday: Second Reading, Public Lending Rights Bill.

Monday (November 13) Second Reading, Nurses, Midwives and Health Visitors Bill.

LORDS

Tuesday: Second day of debate on the Queen's Speech (Home Affairs).

Wednesday: Third day of debate on the Queen's Speech (Foreign Affairs and Defence)

Thursday: Southern Rhodesia Act 1965 (continuation) Order 1978

Scrap rigid 5% guideline on pay, says Thorneycroft

BY IVOR OWEN, PARLIAMENTARY STAFF

ABANDONMENT OF the Government's rigid 5 per cent pay guideline in favour of a more flexible incomes policy was urged by Lord Thorneycroft, Conservative Party chairman, and Lord Watkinson, past president of the CBI, in the House of Lords last night.

Both strongly argued that companies forced to concede settlements in excess of 5 per cent should not be penalised. Lord Watkinson warned that to impose sanctions against Ford's and one company after another would only compound the Government's present troubles.

Baroness Birk, opening speaker for the Government as peers discussed economic affairs in the resumed debate on the Queen's Speech, admitted the likelihood of "loopholes" in the 5 per cent policy.

"We are not a Government of closed and rigid minds, and the current discussions going on with the trade unions are fundamental," she said.

Lord Watkinson accused the Government of mishandling the negotiations which preceded the announcement of the 5 per cent norm.

There should have been much wider debate and discussion, from which Parliament should not have been ruled out, before Ministers decided to embark on the 5 per cent guideline or any guideline at all.

Flexible

Such discussion, he asserted, would have enabled Ministers to learn that a more flexible approach was the only one likely to make sense in present circumstances.

While ruling out a return to statutory control—"it has failed, and in my view it would fail again"—Lord Watkinson insisted that there must be no return to pay increases of 30 per cent.

Nor should there be a return to free collective bargaining in the sense that it was interpreted by political activists intent on confrontation—and the earliest recourse to the strike weapon.

A more flexible and freer bargaining system was needed, he said, which operated responsibly and enabled account to be taken on the national interest.

Lord Watkinson described the industrial outlook as more menacing than anything he had seen in 50 years in business and politics, and apportioned "most of the blame" for this situation to the TUC.

He attacked the "new generation" of trade union leaders, who, he said, unlike their predecessors, were unable "to deliver" and allowed themselves to be committed to supporting foolish demands, such as that for control over prices with no restraint on wages when past experience proved that this could not work.

Lord Watkinson contended that some of the benefits associated with incomes policy were illusory.

"Any British Government now, or in the future, will have to use every carrot and stick if it is ever to spur the lazy British people to a more sensible appreciation and end their belief that, having won the last war, somehow they have not got to try any more."

Lord Thorneycroft

Lord Thorneycroft endorsed the prediction made by Mrs Margaret Thatcher, Opposition leader, in the Commons on Wednesday, that the 5 per cent norm would "go."

He did not say this cheerfully or with any desire to abuse the Government, but it was no good pretending something was happening which was not really happening at all.

In this situation, the Government should recognise the need to move to a rather more flexible position.

Lord Thorneycroft, who recalled his own abortive efforts to hold to a rigid pay norm when he was Chancellor of the Exchequer 20 years ago, insisted that responsibility with flexibility must form the basis of an incomes policy.

"The best you can do is have a judicious mixture of policies concerning incomes, preferably without a fixed percentage, coupled with a mixture of monetary techniques," he said.

This was the central ground in the case presented in the Conservative policy document the Right Approach to the economy and was the position of Mrs. Thatcher and her Shadow Cabinet.

Lord Thorneycroft emphasised that any attempt to hold wages costs down by freezing prices would be "absolute folly." He was equally forthright in arguing that it would be wrong for the Government to fall back on blaming the employers when breaches in the five per cent norm occurred.

"Don't tip the scales in favour of the unions and then abandon the employers when they give way," he declared.

Urgent prisons inquiry ordered

THE GOVERNMENT has ordered an urgent independent inquiry into the organisation, management and conditions in UK prisons, Mr. Merlyn Rees, Home Secretary, announced.

In a Commons statement which received an immediate welcome from Mr. William Whitelaw, Mr. Rees said: "Recent unofficial action in some prisons cannot be allowed.

"With the establishment of this inquiry, the Government expects all staff to work normally and to present their case to the inquiry in due course."

Prison officers should not take unofficial action. This could lead to a breakdown in law and order.

The inquiry comes against a background of unrest in the prison system. It would cover use of resources and working arrangements, conditions in prison service establishments and the structure, pay and conditions of service.

"We shall ask for a report with the utmost urgency," Mr. Rees went on. "In recent months unofficial action has been taken in some penal establishments, which has had the effect of disrupting the criminal justice system as well as the running of the prisons themselves.

Support

"The Government make clear that such action cannot be allowed and with the establishment of this inquiry, they expect all staff to work normally and to present their case to the inquiry in due course."

Mr. Whitelaw, Shadow Home Secretary, said: "We strongly support the broad inquiry which Mr. Rees proposes, and we agree with him entirely that there should be normal working in our prisons."

The inquiry would provide an opportunity to consider the whole question of conditions of service and overcrowding in prisons, together with their administration and management.

Mr. Whitelaw asked for confirmation that the terms of reference would allow the inquiry to consider whether the prison service should be administered within the Home Office or by its own professional head outside the Home Office but responsible to the Home Secretary.

This had been suggested from the Conservative side and by other people. Mr. Rees welcomed Tory support, and said the matter would be treated with urgency. There was no reason why the Tory suggestion could not be looked at.

Mr. Rees said the Parkhurst prison officers could put their case to the inquiry which would be a wide-ranging one.

Interim

Mr. John Ryman (Lab Blyth), said that many members of the prison service had alleged that cash was owing to them immediately and that it had accrued over a period of two years.

He asked Mr. Rees to make an interim payment before the full report of the inquiry which might take some time.

Mr. Rees replied that in one prison the officers were insisting that they should negotiate directly, not through the Prison Officers' Association. "I am not prepared to do it." He did not accept that it would be a long time before the end of the inquiry.

Mr. Stephen Ross (Lib., Isle of Wight), said that Parkhurst Prison had a long tradition of good service.

The dispute there for the last 11 months revealed the state to which morale had dropped within the prison service. He hoped the inquiry would look at the relationship between the prison service and the Home Office.

Mr. Ross urged the Home Secretary to give an undertaking that the Government would accept the recommendations of the inquiry.

Mr. Rees told Rear Admiral M. C. Morgan-Giles (C., Winchester), who called for a time limit for the inquiry, that it would report "as a matter of urgency."

Mr. Peter Bottomley (C., Woolwich W.) attacked Mr. Rees for waiting until now to take action.

Mr. Rees replied that he was concerned that people had started to take the running of prisons into their own hands.

Mulley go-ahead for U.S. air tankers

MR. FRED MULLEY, Defence Secretary, confirmed the Government's decision to allow the U.S. Air Force to station 15 KC-135 tanker aircraft at RAF Fairford, Gloucestershire.

In a Commons written reply to Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) he said he had carefully and sympathetically considered all comments made by those who would be affected by the proposal.

"But in my view nothing that has been said in the local authorities' comments calls into question my earlier conclusion that RAF Fairford is the right choice of base for the KC-135s both in the short and long term."

Extra resources spent to deploy the aircraft elsewhere would be at the expense of other measures of Alliance defence, Mr. Mulley went on.

"I have accordingly decided that RAF Fairford shall be made available to the USAF for their KC-135 tankers."

He had already agreed with the U.S. Government certain measures which could be taken to satisfy some of the local authorities' points. Others would be the subject of further discussion with the councils.

"I give the assurance that at present the Government has no plans for further development of the base."

China Vice-Premier

BY COLINA MacDOUGALL

VICE-PREMIER Wang Chen, who arrives in London for a two-week visit on Monday, is the most senior Chinese official yet to visit Britain.

He will bring with him a strong team of diplomatic and technical advisers and is expected to spend a week touring British industry as well as meeting political leaders in London.

Vice-Premier Wang, 70, was the first Chinese official to mention publicly last year that Peking was interested in buying the Hawker Harrier jump jet.

No deal is expected to be signed during his visit, but he is to visit British Aerospace. His group will also tour Rolls-Royce, a CEGB power station, and an offshore oil installation in Scotland.

Vice-Premier Wang has overall responsibility for industries concerned with aircraft, ships and offshore oil. His team includes a senior planning official and two advisers from the ministries concerned with defence electronics and naval ship-building.

Members of the mission are to visit Ferranti in Scotland and Marconi Communications of Chelmsford, as well as the Sunderland shipyard of British Shipbuilders.

Vice-Premier Wang is to meet the Trade, Energy and Industry Secretaries early next week and leading industrialists are also expected to welcome him. He is due to call on the Prime Minister at the end of his visit.

'Withdraw troops' call by SDLP

BY STEWART DALBY

THE ANNUAL conference of the Social Democratic Labour Party (SDLP), the main formal Catholic grouping in Northern Ireland, which starts today is likely to be dominated by a call for the withdrawal of British troops.

A main resolution, due to be debated over the weekend, says: "The conference believes that British disengagement from Ireland is inevitable and desirable; that it ought to take place as part of an overall political solution."

British troops have been present as part of a direct-rule policy since 1969. There are thought to be 13,000 troops now in the province.

Other major resolutions will ask for a conference involving Britain, the Republic of Ireland, and the Catholics and Protestants of Ulster, which will aim at reunification of the two parts of Ireland, possibly on a federal basis.

The question of greater Northern Ireland representation at Westminster mentioned in the Queen's Speech is not covered in the SDLP agenda because it was drawn up some time ago, but it seems inevitable that the issue of Westminster seats will arise.

The SDLP has set itself firmly against more seats on the grounds that, if the number were to be increased, from the present 12 to 18, as has been suggested, the Unionists would get 16 seats at least on the present electoral basis.

This, the SDLP contend, would increase the Unionists' bargaining power at Westminster and reinforce the integrationist argument favoured by one powerful section of the official Unionists, who presently hold 8 of the Unionist seats.

The SDLP is only interested in more representation if it is brought about on a proportional representation basis. Various resolutions at the conference will make it clear that the SDLP is only interested in any initiative from Britain on the basis of power-sharing.

Manpower Commission's plan is approved

THE MANPOWER Services Commission's review and plan for 1978, published on November 1, has been approved by the Government, Mr Albert Booth, Employment Minister told the Commons in a written answer last night.

The Government have decided to introduce new noise insulation grant schemes for houses around Heathrow and Gatwick airports, Mr. Clinton-Davis, Trade Under Secretary, announced in a Commons written answer.

مكاتب الإيل

What, you may ask on first experiencing a ride in the Citroën CX, have the manufacturers of other cars been doing for the past 20 years?

It would appear they have merely played around with modifications to old engineering principles while Citroën have introduced a whole series of dramatic innovations leading to very definite improvements in the all-important areas of comfort and safety.

Take, for example, the unique self-levelling hydropneumatic suspension.

No amount of money can purchase a more comfortable suspension than this. It absorbs all unexpected road shocks so that no matter how rough the surface may be, the ride in the CX will be perfectly smooth at all times.

Nor will heavy loads affect its performance in any way. The suspension automatically adjusts so that the car body is always travelling at a constant height from the road surface.

VariPower steering is also uniquely Citroën.

For parking and at low speeds the steering is finger light and power-returns to a straight line position immediately the steering wheel is released, without requiring any additional effort.

With increasing speed the VariPower steering grows progressively firmer, increasing road 'feel' for safer driving.

VariPower steering also prevents wheels being deflected by loose stones or uneven surfaces. Even when driving on a motorway in strong cross winds deviation from a straight line is negligible.

In the case of a tyre blowout at, say, 70mph, the combination of Citroën's hydropneumatic suspension and VariPower steering would maintain directional stability which would keep the car safely under control. Even when braking.

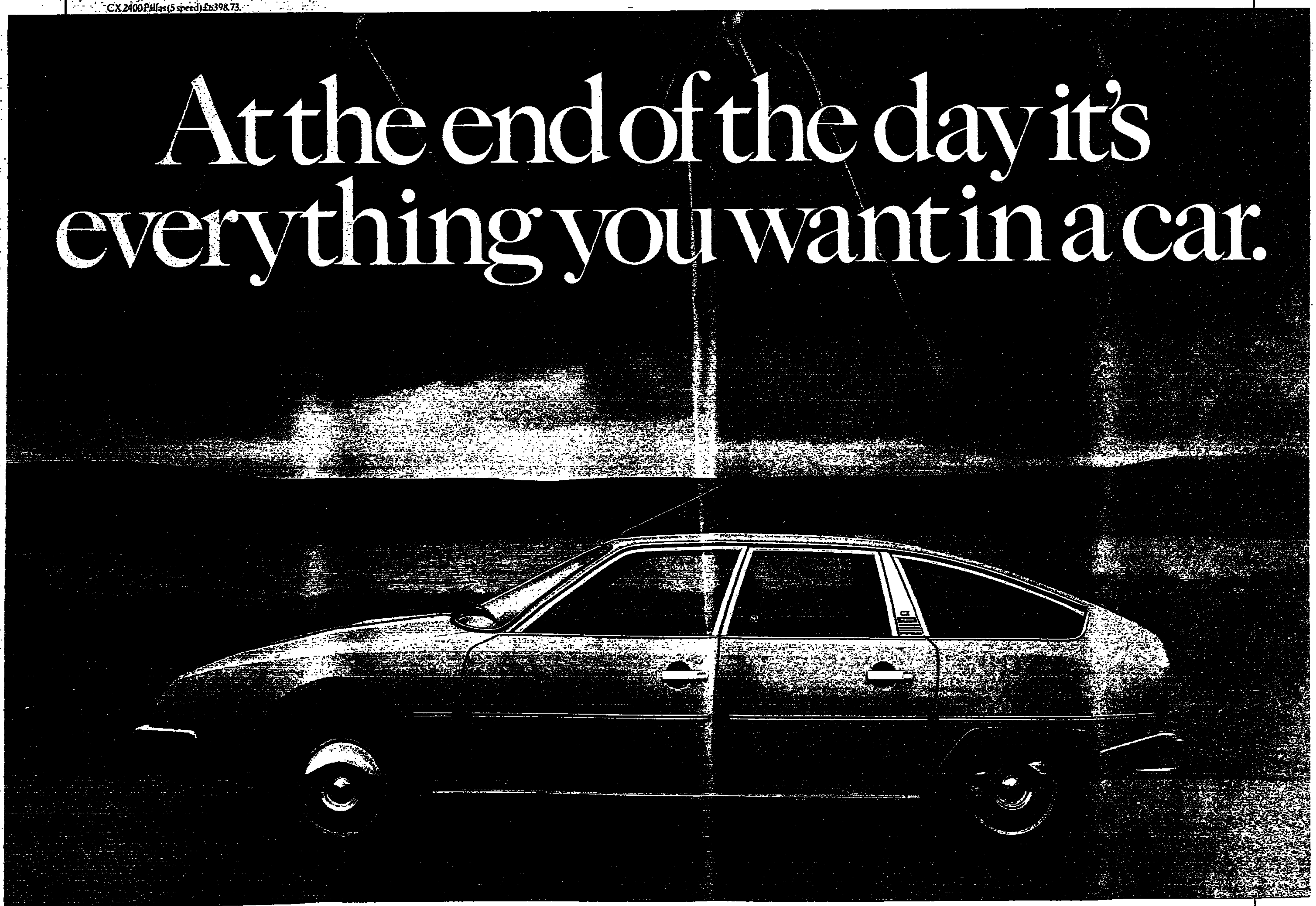
A selection of the 16 models in the CX range

MODEL	BHP	TOP SPEED	PRICE
CX 2000	102	109mph	£4966.65
CX 2000 Super	102	109mph	£5199.48
CX 2400 Super (5 speed)	115	112mph	£5813.73
CX 2500 Diesel Super (5 speed)	75	97mph	£6040.71
CX 2400 Pallas (5 speed)	115	112mph	£6398.73
CX 2400 Pallas (C-matic)	115	111mph	£6582.42
CX 2400 Pallas Injection (C-matic)	128	112mph	£6997.77
CX 2400 GTi Injection (5 speed)	128	118mph	£6979.05
CX 2400 Safari Estate	115	109mph	£5971.68
CX 2500 Diesel Safari Estate	75	90mph	£6315.66
CX 2400 Familiale	115	109mph	£6081.66
CX Prestige Injection (C-matic)	128	112mph	£9254.70

There are 16 models in the CX range. All offer the advanced engineering and design that combine to make the CX one of the safest, most comfortable cars you can buy.

And at the end of the day what more could you ask from a car than those very things? **CITROËN CX.**

CX 2400 Pallas (5 speed) £6398.73.



ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS. 1 YEAR UNLIMITED MILEAGE GUARANTEE. SUSPENSION GUARANTEED FOR 2 YEARS (MAX. 65,000 MILES). PRICES INCLUDE CAR TAX AND VAT. NUMBER PLATES EXTRA. DELIVERY CHARGE [illegible] PRICES CORRECT AT TIME OF GOING TO PRESS. ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH [illegible]

CITROËN CX

The Management Page

EDITED BY CHRISTOPHER LORENZ

Ian Hargreaves profiles a shiprepairer who invested his entire life savings in a derelict shipyard just when the industry was going into deep recession.

An act of faith on Clydeside

Mr. "Rab" Butler, who heads the biggest nationalised shiprepair group as well as owning his own shiprepair company.

WHEN shipowners sneeze, shipbuilders catch a cold and shiprepairers go down with pneumonia: such is the chain reaction in these industries.

All three industries are suffering from severe over-capacity and from recessions which are not expected to bottom out for another three to six years. But shiprepairers, the least glamorous and least known, are, in a sense, in a worse position than owners and builders because they are the first to feel the effects of the owners' economies and soon afterwards come up against competition from order-hungry shipbuilding yards for the little work that is going.

Repairing ships then, is hardly the business in which to invest your life savings during the present climate. In Britain, half the industry has been nationalised, but both public and private sector companies are finding it hard to make ends meet.

These circumstances make Mr. R. E. (Rab) Butler an unusual man. Eighteen months ago he bought a derelict shipyard on the River Clyde, a move which—together with his reputation in the industry—led to his being offered (and accepting) the post of chief executive of the Tyne Shiprepair Group, much the biggest shiprepair complex within the nationalised sector and arguably the biggest such unit in northern Europe.

His course towards this self-evidently precarious peak is the stuff of which old-fashioned novels about big business were made. Butler started work aged 15 as a civil engineering template maker, but soon transferred to a shipyard where he worked as a plater.

Like many others, the transition from berth-side to management came through experience in the former colonies. Butler spent 11 years in India as a foreman and, later, a manager in shipyards, before establishing himself on Clydeside in 1956 with the John Brown shipyard.

Ashes

Three shipyards later he ran a converted naval base in Singapore, before returning to Clydeside as an adviser during the creation of Govan Shipbuilders out of the ashes of the Upper Clyde work-in.

The qualities Butler noted in Clyde shipyard workers convinced him that, given the right incentives and the right pressures this area's most traditional industry could be made to pay, thus reversing a 30-year pattern of decline.

So he put together all his savings which, boosted by 15 years of working in senior management positions overseas, particularly Singapore, had reached an impressive £100,000. And with a similar sum negotiated with the Scottish Development Agency, he bought the Alexander Stephens yard on the Upper Clyde.

That was in April 1977. Clydedock Engineering, as it is called, made pre-tax profits of £258,000 last year and, with the help of the proceeds from selling his own house, Butler has bought out the development agency.

"Everyone thought I was mad to do it. Many still think I'm mad, but I believe in the Clyde and I believe that shiprepairing on the river can be revived," he says.

His method he describes bluntly as "straight common sense." He went to the local representatives of the Confederation of Shipbuilding and Engineering Unions and told them that jobs could be created if he could convince potential customers that their ships would not be delayed by labour troubles and if costs could be kept low enough by flexible working between trades. They agreed.

He also demanded a two-year commitment to no strikes in return for a promise that every £1 taken out of the business by the shareholders would be matched with a £1 in bonus for the employees. This, Butler says, has made his 200 men the best paid on the river.

Tyne Shiprepairers is a different story. Here Butler inherited eight yards, some previously in private hands, others in public ownership, with the target of welding them into a marketable, financially viable unit.

With 4,000 employees, the "shoulders to the wheel together" approach at Clydedock could not be reproduced. The problems were more conventional ones like motivating management around a new identity and countering a general atmosphere of decay and uncertainty on the river.

Butler's strategy has been to retain individual yards as profit centres, giving a high degree of management autonomy and therefore responsibility for success or failure. He says he expects the same treatment from British Shipbuilders. "You back the people you pick to do the job and if they muck it up, fire them," he says.

This is a simple enough approach, but it also had to fit in with Butler's plan to win agreement for flexibility of working and guarantees about industrial peace from his workforce.

As on the Clyde, this has been achieved partly with the help of a productivity bonus package—in the case of the Tyne a deal was based on pay-offs for value added into contracts by the combination of labour effort and the company's other resources.

The first steps in industrial democracy have been taken with the establishment of monitoring committees to ensure efficient progress of orders within each yard.

These committees involve employees at all levels and, to help their effectiveness, representatives have been given training in disciplines outside their normal experience, whether this is financial accounting or a welding technique.

When sufficient experience has been gathered, Butler expects to see nominees from the shopfloor joining the boards of the individual yards and the main group Board. But he supports his trade unions' view that the individuals selected should only serve for a period before returning to their tools. "I believe that in a company of small units, like ours, we can make a rotating system of board changes work all right," he argues.

No strikes

He accepts too that management cannot expect trade unionists to make guarantees with nothing in return. Tyne Shiprepairers has a one-year no-strike deal, but it also has—unique in British Shipbuilders—an undertaking that there will be no redundancies in that period.

This is an undertaking which means a great deal in shiprepair where no one, even in better times, can ever be confident about where the next job will come from. Workflow depends mainly on owners' decisions to maintain ships to a high standard or to convert their ships for new purposes, and partly from those ships which have had accidents.

The fact that the group is carrying a fixed labour force but an uncertain workload means that everything possible has to be done to fill the berths. This, not surprisingly, has led to bitter criticism from private sector repairers on the river that Butler's group is cutting rates in order to win work and that it can only do so because its losses are underwritten by the Government. Butler has to admit that the group is still making losses—he doesn't say how much—but he forecasts break-even next year. Turnover has increased from £20m in 1977 to a forecast £30m this year.

At the moment until November 13 Butler and his trade union leaders are scouring Europe for work in the first major joint union-management marketing push.

When he gets back, Butler will have plenty on his mind. On the Tyne, apart from the remorseless task of filling 18 berths, he is trying to launch the group as a force in the offshore world and has hired the consultancy services of Alpo J. Tokola, a U.S. oil expert, to help. So far, the group has taken no order for the empty shipyard which is ready and waiting. He is also planning, at a date yet unfixed, to reopen the long-closed Greenwell dry dock in Sunderland—at a time when British Shipbuilders is being forced to consider shipyard closures elsewhere.

In his private sector interests, which he reckons account for about a day a week of his time, possible schemes come and go. During the summer Butler sniffed unsuccessfully round the Neorion shipyard in Greece for a possible management contract to reopen it and he says he's still very much in the market for this type of project.

Wearing his Clydesider's hat, he's even considering going into the troubled shipowning business, by buying a damaged cargo liner, repairing her at Clydedock and putting her out to trade.

There are not many former shipyard platers in the list of British shipowners. Nor are there many owners, or shiprepairers for that matter, with Butler's brusque confidence about making money.

BUSINESS LAW

Spain woos investors but is slow to legislate

BY A. H. HERMANN

THE INFLOW of foreign investment into Spain in the first eight months of this year has increased by almost 60 per cent compared with 1977, having reached a total of $360m. Trying to make hay while the good weather lasts, the Spanish Government has now decided to speed up the processing of projects submitted by foreign investors.

So far all applications have had to be considered by the Cabinet. In future those for any investment of less than Pta 300m (about £1.8m) will be dealt with by an interdepartmental committee and only if this cannot reach a unanimous decision will they go to Cabinet. In this way, it is hoped, only 15 per cent of all applications (representing, though, 75 per cent of the volume of proposed investment) will have to go the long way of Cabinet approval, while the remaining 85 per cent will be dealt with more speedily at a lower level.

However, attractive as the Spanish opportunities still appear, too many of the problems of transition from the old to the new system of political and economic management are left unresolved. Politicians were preoccupied with the constitution, adopted only this week, and now will turn their attention to the Basque problem and elections. Even the civil service and industry seem to be giving only little thought to business legislation required for a transition from the strictly regulated economy of the Franco period to a more competitive system and to preparation for the accession to the European Communities.

The establishment which is expected to give effect to new policies remains largely unchanged and does not display any great initiative. Some of the old laws are simply ignored as politically unacceptable but have not been replaced by new rules: some of the prices have been freed while others remain controlled and those manufacturers squeezed between rising prices of raw materials and controlled prices of their products (and obliged to keep all their employees on the paylist) can only hope that the law makers will come to their rescue faster than bankruptcy hits them.

As before, the Government can still order the banks to provide credits to individual firms, whether the money is needed for expansion or to avoid insolvency. Banks in turn receive allocation of funds accumulated by the savings banks. But all this is supposed to come to an end as part of the changeover to a free money market.

It is evident that not only separate statutes but the whole body of business law will have to be revised to achieve a balanced unfreezing of prices, to make sensible arrangements for the operation of the internal market, to create a money market and to provide for the coexistence of the private and publicly owned industry under new conditions.

Company law and industrial relations are two areas where the need for legislation is widely recognised. The Employers' Confederation seems ready to give up the present system under which a board consisting mainly of non-executive directors is dominated by one or two executive directors and to adopt the German system of two-tier management. However, the Communist proposal that workers should have a 20 per cent representation on the supervisory board—a very modest proposal compared with the reality existing in Germany—is seen by the employers as a first step towards nationalisation.

The Communist Party counters these fears by emphasising that the workers' representatives on boards, though nominated by politically affiliated trade unions, should not be political bosses but rather "technical experts." Professor D. Julio Segura, member of the Central Committee of the Communist Party, is opposed to central planning, favours a market economy with mixed public and private ownership of industry and underlines that, though Marxist, the Spanish Communist Party is no longer Leninist. Listening to him one soon gains the impression that participation of workers' representatives on supervisory boards of companies is not the method chosen for nationalisation of industry. This is more likely to be attempted by further takeovers by INI, the government's holding company which already controls some 300 companies.

As Director of I.N.I.'s Economic Research Foundation, Professor Segura is busy mapping out the penetration of public ownership into various industrial sectors, including high technology and secondary industries. According to him, the I.N.I. policy should be to take over companies and sectors of industry given up by the capitalists as immediately unprofitable but possessing the prospect of medium-term profitability. It is obvious that the code for public enterprise, still in a very embryonic state, is an urgently required piece of business legislation.

FINANCIAL TIMES SURVEY
Friday November 3 1978

The Travel Industry

When Britain's travel agents gather in Spain this weekend for their annual convention there is likely to be a mood of short-term optimism. But among topics of concern are commission levels, consumerism, air traffic delays and overbookings.

Another good year ahead

By Arthur Sandles

IT IS perhaps apt that Britain's travel agents, tour operators, airlines and shipping companies, not forgetting the car hirers, the coach operators, the railways and the credit card issuers, are gathering this week-end in Torremolinos for their annual jamboree. The Association of British Travel Agents annual convention is usually held overseas and this year its venue puts it right in the heartlands of the British foreign travel trade.

It is British tourists, plus a few Germans, Dutch and Danes, who made Torremolinos what it is today, a world of tower blocks, discotheques and post-card shops. Without sun-hungry northern Europeans it might still be a sleepy fishing village, picturesque but slowly dying thanks to a sea which is running out of fish stocks and a spectacular hilly backdrop which looks beautiful but is back-breaking to cultivate. Rural charm or progress, both have their prices.

The travel industry will gather in remarkably good spirits. If there still is an economic recession there has been very little sign of it in the travel world this year—at least in Europe. It is on the other side of the Atlantic for once that dollar problems and basic uncertainties have been added to major upheavals within the industry itself, notably from the now elevated Mr. Khan of the Civil Aeronautics Board, to provoke long faces. Anyone making the transfer from the U.S. travel convention, ASTA, held this autumn in Acapulco, to the British equivalent (they are the world's two largest such gatherings) might find more cheer among the Europeans.

Not that the British travel industry is without its turmoil. Travel people, like farmers, never find their commercial climate perfect. In common with tour operators throughout northern Europe, the British suffered at the hands of the French air traffic controllers, although this summer was all peace, calm and co-operation so far as the Spaniards were concerned. Travel agents themselves are increasingly alarmed about the impact of direct selling on the British market, adding to their present concerns over incentive marketing competition among the major chains and the impact of new technology in the retail business.

In their perverse way British travel agents and operators will be particularly pleased about the disastrous UK summer this year. Most would now argue that the glorious warm months of 1976 are probably erased from the memory of the British consumer and that the UK resident is likely to look to foreign shores for its sunshine once more in future.

Emphasis

To understand that one must understand the fact that the British travel marketing industry is orientated towards the sales of foreign, not domestic, products. Although there are signs of some change British tour operators and retailers are rarely aggressive in their marketing of UK products. Selling domestic travel is, argue the agents, not sufficiently remunerative, and thus much of the internal business is done by direct communication between the consumer and the companies concerned.

This emphasis on foreign travel rather than domestic makes the mood of the ABTA convention peculiarly sensitive to external factors such as the value of sterling and the present position in air fares. With sterling rising high and air fares falling in relative price it is hardly surprising that the mood is one of optimism.

However, although the travel industry is one of sizeable consequence to the British economy as a whole, those involved in it tend to concentrate on the problems of the particular rather than the general. Thus when the prime movers in the British travel industry gather in Spain they are likely to concern themselves with commission levels and the intricacies of intra-industry relationships rather than the role of travel in the grand order of things. Whether a client is sent to Bournemouth or Benidorm is likely to depend more on mark-up than national interest.

In the end the fortunes of the travel industry are very much tied to those of the global economy and thus the holiday companies pay very close attention to likely economic trends. For the moment, of course, this is one major source of concern, since the fortunes of the Western world show few signs of being on the road to permanent recovery. It is perhaps for this reason that much of the travel industry, while taking an optimistic view of the number of bookings expected next year compared with this, is by no means going overboard with the provision of additional capacity. For the moment the industry is very much following a policy of wait and see.

At the moment the general view would appear to be that the winter of 1978-79 will be a good one for business, as will the summer of next year, but that a considerable question mark hangs over prospects for the autumn of 1979. By then the UK will have a new Government of whatever colour and the results of present anti-inflation campaigns both in Europe and the U.S. will be apparent. No one is prepared to place bets, or very much capital investment, on the likely outcome of those campaigns.

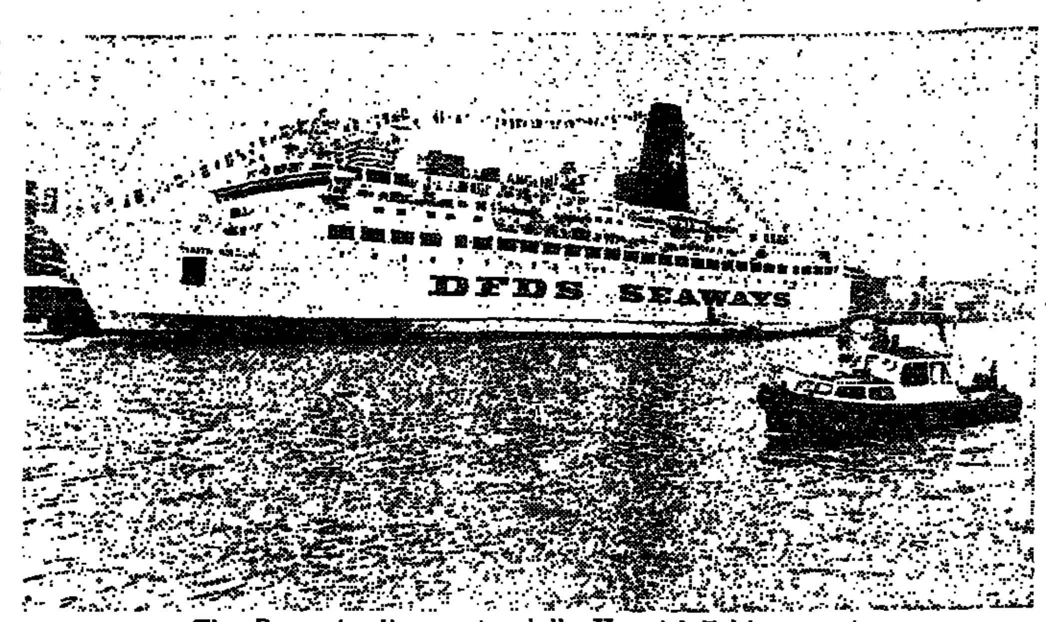
All in all therefore the travel industry goes into its convention in Spain this weekend in a mood of short-term optimism and long-term open-mindedness. Commission levels, consumerism, air traffic delays and overbookings are all likely to crop up in debate and conversation, but it is the depth of consumer pockets that is really going to count at the end of the day.

A Boeing 747 Jumbo jet which British Caledonian Airways has leased from Aer Lingus. The aircraft will be used by B.Cal. for most of its Houston services through the winter, replacing the narrow gauge Boeing 707 (background)

Tour operators come up smiling

ALTHOUGH THE French air traffic controllers did their best to make things difficult in the summer British tour operators are likely to turn in pretty healthy profits when the results start coming in. This is partly due to accident and partly to design, partly to the weather and partly to steadying economic fortunes within the British economy.

The key to operator profitability is, of course, load factors — ensuring that as many as possible of the airline seats offered to customers are in fact sold. Bedroom bookings can be cancelled. An aircraft has to fly whether it has 70 of its 100 seats filled or 99. Most tour operators start to feel relieved when their load factors get above 82, although price competition has forced some to make their calculations on a higher expected success rate. Some operators, on some tours, have been running above 95 per cent in the past summer, which means very good news indeed.



The Dana Anglia on the daily Harwich-Esbjerg route

Modest

The French air traffic controllers dispute may have done less financial damage than has been suggested. Cosmos let a small cat out of the bag by saying that if its compensation scheme for delays had been in force over the past year it would have cost less than £100,000 which, considering it carries around half a million passengers a year, seems a pretty modest sum. Direct seller Tjaereborg gave its lengthily delayed clients overnight hotel rooms and other aid, and still came up smiling as did market leader Thomson which laid on all manner of help and entertainment for affected customers.

But back to basics.

The accident in this year of good fortune was the fact that the British air-charter fleet is at a pretty low ebb and while many companies were eager to add to their capacity for the summer of 1978, there simply were not sufficient aircraft in the fleet to handle a large increase in supply. Thus the number of holidays on offer was substantially lower than might have been the case if every tour company in the country had been able to expand its programme as much as it at one time planned.

This may not continue to be the case. Horizon, Global and Intasun are all companies which have expressed an interest in forming airlines of their own and thus the total UK charter fleet might expand substantially over the next four years, particularly as British Airways and Laker are both re-equipping as well.

The design in the formula for profit in 1978 was in that those majors which did have the potential for immediate expansion — Thomson, Cosmos and British Airways had the muscle to get jets if they were really determined to do so—preferred to think in relatively modest terms as far as their expansion was concerned. Of the bigger companies only Intasun made a really determined push for additional traffic on a substantial scale, a market aggression which got it into self-admitted administrative problems and eventual fines for failing to notify clients about over-booked hotels.

As far as the weather is concerned Mother Nature has been on the tour operators' side for the past two summers at least. The British peak season has suffered so badly from unfortunate weather conditions that the old British habit of planning for sunshine abroad rather than at home has been reconfirmed.

But probably the single most important factor in the steadying of British tour operator fortunes in the past couple of years has been the reduction in alarm about the prospects for the British economy. Consumer confidence would appear to be at a somewhat higher level than it was only two years ago and there is an apparent willingness to spend more on such transient items as travel. Whether this mood will continue into the future depends of course on the success of the Government in controlling inflation. Another bout of double digit price rises could severely hit such a vulnerable consumer spending area as tourism.

Among the tour operators themselves there has been little sign of major upset. Apart from the growth of the American market—which has now even tempted the ever-eager Cosmos into the market—the formula seems very much as it was before. There are indications of a continued concentration of custom towards the two ends of the market—the household name majors and the personal attention oriented smaller companies of the type which tend to be members of the Association of Independent Tour Operators.

America seems to have been very much the success story of the travel business in 1978. Until fairly recently the traveller to the U.S. was left very much to his own devices with only a few specialist agencies involving themselves in the market. This has now changed. A rise of nearly a quarter in the number of Britons going to America in the early part of this year confirms the accuracy of operator forecasting and cannot but bring smiles to such companies as British Airways, TWA, Jetsave, American Express, Thomas Cook and, of course, Laker. Almost everyone is adding even more capacity for the summer of 1979 and, with the dollar performing in its present distressing way (for the Americans that is), the destination must be one of the better bets for popularity. Even the ski tour operators are showing an interest in the American resorts, concentrating for the moment on trips to the Rockies.

Bounce

Nonetheless, it is to Spain that the British tour operating business continues to look for the bulk of its business. The Spanish travel industry has shown itself able to withstand sizeable commercial knocks in recent years and still bounce back as the first choice for the majority of British holidaymakers abroad. At the moment the main concern is about Spanish inflation, with many operators worried that after a period of fierce negotiations over rates the Spanish may have to let standards slip in order to stick to the contracts that many hoteliers have signed.

This weekend the Spanish will be out to show that this is not going to be the case and that the Costa del Sol will remain the heartland of British tour operating for many years to come.

Arthur Sandles

Agents adopt a wary stance

THE FACT that such travel giants as British Airways, Thomas Cook and Grand Metropolitan Hotels have all come in for abuse from travel agents in recent months is an indication of the sensitivities of the business these days. The State airline was in trouble for planning to call sales outlets "discount" centres when the fares offered were no different from what could be obtained elsewhere; Thomas Cook was criticised for trying to woo custom with an array of special offer items (Hertz and Avis had to utter hurried denials that they were giving Cook particularly helpful rates); and Grand Metropolitan Hotels changed an advertising campaign after agents had complained that the company was trying to by-pass them and get direct bookings.

The alarm of independent agents in the face of a rapidly changing marketing world is understandable. They operate on sales commissions which vary according to the type of deal (the worst is around 5 per cent, the best can be 20 per cent although sometimes more with bonuses, with the bulk being in the 8-12 per cent range) and while the travel industry has not be showing spectacular growth in recent years, retail costs have. So, as rates and other overheads rise, so the retail agent worries more and more about his margins.

At the moment retailers have enormous commercial power. Very few travel principals could stand hand on heart, and say they could do without the agents. An agent boycott of even British Airways, Thomson, Avis or Hertz, names chosen simply for their brand leadership, could be severely damaging, and these companies, along with lesser names, go to great lengths to show that they are the retail agent's friend. But still the agents worry.

There is little doubt that two names keep occurring in the nightmares of agents—Tjaereborg and Vingresor. These Scandinavian companies are patently successful in the other markets in which they operate and both are currently entering the British market on a substantial scale. Neither deals through travel agents. The retailers believe that if Tjaereborg and Vingresor succeed in their objectives in carving a substantial piece of the British market for themselves, some British tour operators may be tempted to follow suit. It is for this reason that they determinedly react to any move by UK operators which suggests a more intimate relationship with the consumer — witness the recent furore of Horizon Midlands move to open a retail outlet in Nottingham.

However, even if the travel agent's perfect world would be one in which he prescribed holidays for customers who otherwise could not buy them, the marketing side of travel is likely to become more of a rough and tumble in the future than less.

Two areas of activity indicate the routes which travel retailing might take in the years to come. One, direct selling, has already been touched upon. The expansion of direct selling is likely to provoke the present companies to concentrate even harder in future than they have in the past in building themselves a strong brand identity in the minds of potential customers. This may not change the role of the travel agent as a taker of reservations, but it would certainly reduce his role as an influencer of decisions. Just as the modern supermarket has almost no power of guidance over a shopper other than stock and display, so the future retailer might increasingly be dealing with customers who have already made their decisions. It is a road which has already been trod some distance by the industry.

Moving

The second activity is one which some agents seem hardly aware of. The business travel section of retailing is rapidly moving off-High Street and, in some instances, rapidly acquiring new technology. Business travel is increasingly concentrating itself in the hands of those agents who are able to offer 24-hour worldwide service and who are prepared to build a working relationship with the client. More and more the companies involved have moved from shop fronts to office blocks, cutting themselves off from the normal world of holidaymaking and preferring to reap instead the rich pastures of first class travel and high credit ratings. One such agency gives its customers the home numbers of more than 30 staff for contacts should anything go wrong or any special service be required.

Thus it would seem that the long predicted division between travel sales outlets and travel advisors has already developed to a considerable extent, with the heavy users increasingly turning to those who can be helpful, and the light users relying on grocery shop style operations from whom they expect less and less in the way of service.

By using new technology these advisors are able to shed more and more of the paper work and devote more time to the actual customer. Although some in the industry might feel the company to be a little extreme in its enthusiasm for technology a company like Worldmark, for example, has a baffling array of Travicom screens which give it direct access to airline computers and, in Datasaab, a computer system which simultaneously writes tickets and invoices. Says Worldmark chairman and computer buff Mr. Trevor Wagstaffe: "Some people think these are toys and just leave them in the corner to look at from time to time. They are not. They are tools and should be used as such. They do all the writing and leave the staff to do what they should be doing, helping the client." It is all a long haul from the ball point pen and a telephone.

Clearly substantial capital investment is required to compete in this field, but the retailer of the future could find himself increasingly under pressure to raise the funds for such projects.

The other worries that travel agents have at the moment include the problem of "bucket shop" tickets—caused by the traditional market forces of official prices being too high on some routes but there being an ample supply of seats which somehow find their way onto the black market. The problem has been largely eliminated on the North Atlantic by the official fares war, but in other destinations it is as severe a problem as ever, robbing the travel agent of custom and sometimes placing the traveller at financial risk

All in all then it is surprising that the travel agents of today manage to get any sleep at nights. Nonetheless there will be some smiling faces in southern Spain this weekend. After all a travel business without a few worries would be a dull business indeed and there have been plenty of people eager to write of the retailers for the past decade without much sign of any immediate demise.

A.S.

Cruising still manages to retain its appeal

PASSENGER SHIPPING is fixed in the public mind as an area of magnificent decline: its past immeasurably greater than its present.

Like most images, this one is accurate up to a point. Passenger ships will never again dominate the international transport scene: but the 100 or so genuine passenger vessels which remain in service are by no means short of employment and the business of running them is not small by any standard.

Cunard has only three ships, but they generate a turnover in excess of £50m a year. P & O, still one of the foremost names in passenger shipping, has a turnover of over £100m from its cruise operations.

Demand

Mr. John Lancaster Smith, director of the Passenger Shipping Association, a London-based organisation financed by the 37 companies of various nationalities which retain an interest in the UK cruising scene, believes strongly that the industry is heading for a level of demand which it will be unable to meet with its existing tonnage. "Assuming that the world economy does start to grow and that there is peace, I am sure that we can expect to see the cruise market buoyant and making wider appeal," he says.

At present, this market is wide in terms of spread across different social groups, but in terms of the total travel industry, small in number. In 1979 about 80,000 cruising berths will be offered out of the UK and in addition another 50,000 people will fly from Britain to join a cruise at some foreign port. The U.S. market, now comfortably the biggest, has just passed the 1m passengers per annum mark and in Australia, in per capita terms the most cruise-mad country in the world, the numbers are about equal to those cruising from Britain.

Even these figures, however, overstate the numbers of customers involved. P & O says that around half its cruise passengers are repeat bookings, thus narrowing even further the size of the cruising population, but also pointing to an important marketing strength for the shipowners.

The owners involved are an interesting mixture of long-established names and newcomers entering the business in the traditional shipowner *fashion by buying up an old* unwanted ship, investing it with a new marketing angle and using this as a base for expansion.

In tonnage terms, the British fleet remains the largest, with 13 cruise liners of 321,838 grt, although Italy and Soviet Union each has 18 ships.

P & O remains much the biggest UK operator following the shake-out which saw long-established names like Union Castle and Shaw Savill leave the passenger liner scene after many years of service on famous routes such as the Union Castle service to South Africa.

P & O has seven ships in service with a newcomer, the Kungsholm (to be renamed Sea Princess) due out of a German shipyard in January after a £5m re-fit. P & O Cruises now has almost 60 per cent of the UK cruise market and a strong presence in Australia and the U.S.

Mr. Harry Spanton, the company's managing director, who has seen the cruise operation emerge from being a cautious Cinderella of the P & O group to the point at which its £8.1m profit last year, sustained into the present year unlike many other parts of the group shipping portfolio, became if not the group's fairy princess at least a reliable coachman.

Costa Line of Italy and the Chandris companies of Greece are also among the biggest in terms of tonnage, but in terms of growth the company which catches the eye at the moment is Carnival Cruising.

This company formed by a former executive of the Norwegian Caribbean company, recently bought the former Union Castle liner Vaal, has contracted to build a new ship in a Japanese yard and is rumoured to be considering other new buildings.

With the cost of a 1,000-berth passenger liner somewhere in the region of £50m—even with today's bargain offers from hard-pressed shipyards and *their Governments—such investment* involves considerable faith in the market.

Carnival has prospered on the basis of its short fly-cruise programme out of the U.S., concentrating on the Caribbean area. Flying a flag of convenience, the company also benefits from crew costs lower than *those of some of its competitors.*

Cheap crews have also contributed heavily to the growth of the Soviet presence in the cruising industry. Although Western operators say the Russian ships fail to match the holiday atmosphere of their own vessels, their prices are highly competitive and they probably have an 8 per cent share of the UK-based market and useful positions in the U.S. and Australian trades.

All cruise companies are engaged in a continuous search for different cruising areas, responding to changes in holiday fashion. Mr. Lancaster Smith, for example, has been asked to advise the Seychelles Government on its possible future role as a cruising base and *Mr. Spanton believes that* one of the most traditional cruise areas, the Mediterranean, is due for a renewed period of growth, particularly with fly-cruises for Americans.

Whatever the cruising area, the vital principle for the modern ship operator is maximum use of an expensive capital asset—something which has been achieved by switching vessels from base to base according to season or by appealing to different markets, such as educational cruises or round-world voyages from the same base.

One other way of maximising usage is to build dual-purpose ships and a number of experiments of this kind have worked with smaller cruise ships. With ferries, of course, the principle of dual passenger and cargo roles is fundamental.

Some of the Fred Olsen vessels, for example, have successfully combined cruising to the Canary Islands with shipping tomatoes and spending a peak summer period as a UK-Scandinavian ferry. On a simpler scale, modern ferries on some of the longer North Sea runs—such as the latest additions to the DFDS fleet—are sufficiently comfortable and attractive in their own right to make the "mini-cruise" holiday saleable.

Ferries in general have, of course, carried passenger shipping through a difficult period and on certain well chosen short-sea routes, such as the English Channel, provided handsome returns for the operators. With no sign that either the car holiday abroad or the growth of Britain's trade with the EEC are about to halt, business prospects in this sector continue to look good.

Ian Hargreaves
Transport Correspondent

Britain's 10m visitors

TO MANY North Americans Britain is Robert Morley. Only a few weeks ago he was floating, like an oversize cherub, high in the skies above the fields of the Surrey/Sussex borders in a balloon, filming a commercial which will be shown, I imagine, in the U.S. this winter. The delightful Mr. Morley is under contract to British Airways and unarguably does a magnificent job for both the airline and this country. There are many who think he will have to work even harder than usual.

It is hardly a secret that the American economy is taking a buffeting these days. So frequently do the fortunes of economics and the international money markets change that it would be foolish to predict what might happen this weekend but, by now, it scarcely matters. American consumer confidence may have been reduced at just the wrong moment. The nervousness that was being displayed in the American market towards the end of the summer will probably be underlined as the television news shows tell tales of inflation and pay policies (interspersed, of course, by performances of Mr. Morley in his *balloon)* and as neighbours recount their exploits with dollar bills which no one has been keen to change this autumn.

By and large it looks as if Britain and the world's other major travel destinations will have to look elsewhere for growth.

Fortunately the British travel industry has been doing just that over the past couple of years. Increasingly greater emphasis has been placed on nearby Continental countries as well as on encouraging traffic from the Middle and Far East. The evidence is there for everyone to see. Arab visitors may be apparent in large numbers in the streets of London, notably in that second Gulf that lies between Knightsbridge and Earls Court, but it is the Germans, Dutch, French and Scandinavians who are packing the camp sites and small hotel car parks of Britain's coast line.

And yet there are those who feel that Britain may have to work even harder to get those non-American tourists. While visits from the U.S. rose this year (figures for more recent months are expected to show a changing trend) probably as a result of drastically reduced air fares, the number of tourists who came to the UK from Europe showed a marginal decline. A weak pound gave Britain a reputation for being a cheap country and brought tourists here who were really only coming for the shopping. Now the pound is stronger and inflation has taken up much of the price slack. The need now is to ensure that Britain does not become too expensive, as Sir Henry Marking, chairman of the British Tourist Authority, has been at pains to point out recently.

The performance of the market over recent months has served to indicate just how sensitive tourism is to outside forces. What seems to be fairly minor changes within a country can produce dramatic results outside.

This is a matter of no small import to the British economy. Tourism is now the nation's biggest invisible export earner, having recently overhauled insurance. Last year foreign visitors spent £2.75bn in the UK and on British aircraft and ships—more than £1.1bn more than was spent by the British abroad. The British Tourist Authority, which is seeking a rise in its budget for the forthcoming year, makes the point that some 1.5m Britons rely on tourism for their jobs and even produces such fascinating statistics as the fact that more than a quarter of all British footwear and textile exports actually leave the country with the tourists who buy them.

Helpful

It is debatable, of course, what role the BTA can take in increasing the number of tourists although most consumer organisations might feel its £10m budget to be modest in marketing terms for a £2.75bn sales turnover. The BTA itself argues that it not only promotes Britain but actually smooths the path between seller and buyer. It is particularly helpful to smaller organisations which might not, of themselves, be able to sustain major marketing operations around the world. BTA workshops, a system whereby teams of British tourist facility salespeople are introduced to potential tour operator, travel agent and airline buyers, have been particularly success*ful both in their appeal to the* trade and in producing business.

There is no doubt, however, that the BTA is going to find its task an increasingly uphill one in the future.

Nonetheless, considering Britain's late entry into the real competitive world of tourism the success of the nation has been remarkable. Only ten *years ago* the thought of there being 10m visitors a year to the UK was one which produced headlines of horror and disbelief. Britain had neither the bedrooms nor the touristic expertise to handle such a business. The growth came, however, and now the *English Tourist Board* is talking in terms of a rise of a third in domestic travelling by the early nineteen eighties and of more than half again of foreign bednights by 1985.

It may be good for the economy, but there may be some Londoners who, reading those figures, may hope that Mr. Morley does not try quite so hard.

A.S.

Cheaper fares have meant an upheaval for airlines

OVER THE past year, the world's airlines have undergone a major upheaval, stemming partly from a resumption of growth in air travel after the industrial recession of the mid-1970s, and partly from the widespread introduction of cheaper fares aimed at stimulating the mass travel market.

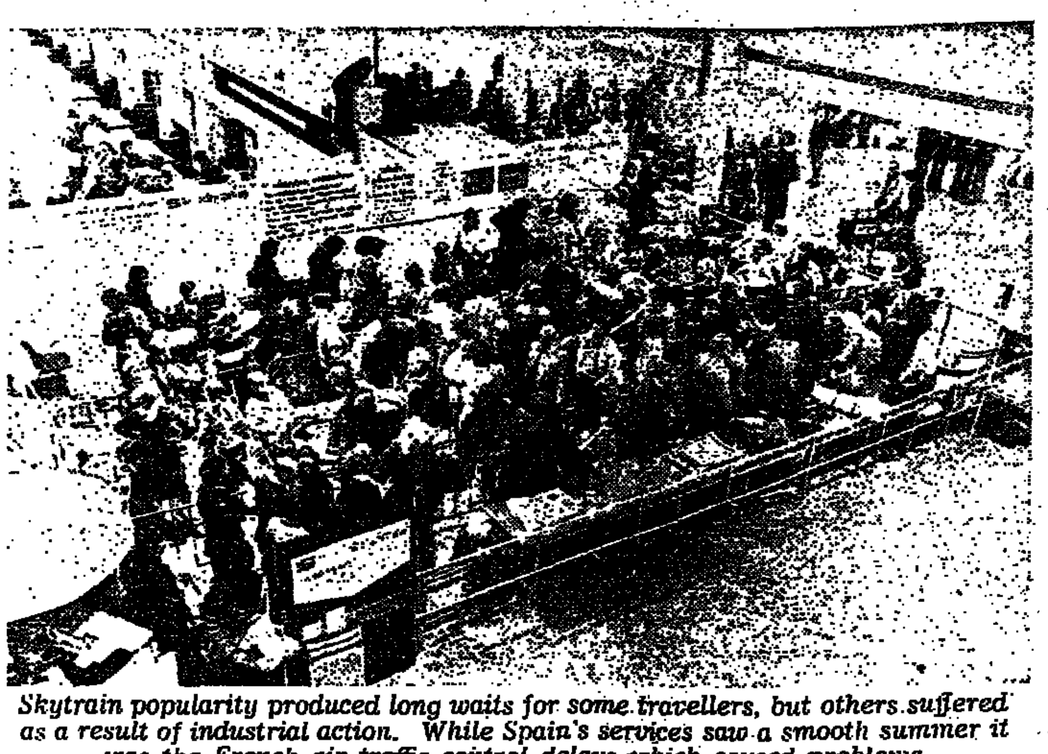
These two factors have had varying effects in different parts of the world. Inside the U.S., where the pressures for cheaper fares have been especially marked as a result of the consumerist policies pursued by the Civil Aeronautics Board, with the warm approval of President Carter, rates for passengers have been cut dramatically, resulting in sharp increases in traffic which have also resulted in turn in substantially improved profits for the airlines. In short, in the U.S., the cheaper fares policies appear to have worked to the airlines' benefit as well as to that of the passengers.

Traffic

Outside the U.S., however, the result has been less predictable. On the North Atlantic, the scheduled airline-members of the International Air Transport Association admit to having carried close on 20 per cent more passengers in the first seven months of this year on scheduled services, with big rises in both cheap economy-class traffic and also in first-class travel. At the same time, however, the low-fare charters both independent and IATA-runs, which formerly were gaining traffic on the route at the expense of the scheduled operators, have been badly hit, with the IATA carriers' own charter passengers down by about 22 per cent. At the same time, there is some doubt whether these cheaper fares on the North Atlantic have done much to improve revenue yields, which have risen by a very much smaller amount (one estimate is 5 per cent), indicating that some airlines may have lost substantial sums this past summer as a result of the cheap-fare deluge.

The international scheduled airlines are now reviewing their past summer's results, and it seems likely that they will be inclined to proceed much more cautiously this winter and next summer in extending the cheap fares philosophy, not only on the North Atlantic itself, but also in Western Europe. In fact, so concerned are some of them at the effect of rising costs on declining revenue yields, stemming from a rapid introduction of cheaper fares, that they have already sought some small increase "across the board" in North Atlantic fares this winter, and plan to seek further rises from next April 1.

So far, these bids to raise the overall fares "plateau," while retaining the differentials between the various classes of fare, have not been met with any enthusiasm by the regulatory authorities on both sides of the Atlantic, with the U.S. Civil Aeronautics Board rejecting a bid for rises by Trans World Airlines, and the UK Civil Aviation Authority refusing to allow economy fares to rise while permitting some small rises in other rates along with a simplification of the basic fares structure. It remains to be seen for just how long the two regulatory bodies can sustain this opposition to fares increases, in the light of the airlines' own rising costs and continued pressures for rises.



Skytrain popularity produced long waits for some travellers, but others suffered as a result of industrial action. While Spain's services saw a smooth summer it was the French air traffic control delays which caused problems

But in order to ensure that they can accommodate an increasing number of low-fare passengers without entirely losing track of their higher-fare, and more regular, business travellers, the major airlines have turned to a restructuring of their basic in-flight service concepts.

So far, this has taken the form of introducing the "three-class" cabin concept, dividing their aeroplanes into First-class, a new Full-Fare Economy class cabin called by various names (such as Club Class by British Airways, Full-Fare Coach by TWA and Clipper Class by Pan American), and a Discount or Thrift Class for all types of cheap-fare traveller (whether Stand-By, Advanced Purchase Excursion and so on), with varying standards of comfort and service in each.

In this way, the airlines believe that they can segregate the various classes of traveller according to the fares they pay, so that appropriate standards of in-flight service can be given to each, without risking the problem that became acute this summer of having full-fare economy passengers riding in the same cabin and getting the same standards of service as a cheap Stand-By or other discount fare traveller.

At a later stage, when proposed changes in the rules governing the standards of in-flight service laid down by the IATA are amended (as part of that body's own efforts to bring its methods up to date), it will become possible for individual airlines on any given route to compete with each other more directly in the quality and quantity of meals and other types of in-flight cabin service they provide.

These changes in the IATA rules are also likely to offer the most convenient way of reducing air fares in Western Europe, where traditionally the rate charged for each passenger-mile flown has been consistently higher than for many of the world's long-haul routes, such as the North Atlantic.

Basically, among a number of innovative decisions approved by the member-airlines of IATA this past summer, it is intended that, subject to government approvals, they should be able to opt out of the past somewhat rigid fares-fixing conferences of the Association, and instead negotiate fares directly with each other on a bilateral basis.

This should make it possible, for example, for British Airways and Air France to agree between them on direct fares reductions on routes between their two countries, without having to go through the time-consuming IATA procedures, risking thereby having their plans blocked by other airlines who do not approve of them even although they are not directly concerned with them. The new IATA plan, in effect, should give airlines, and their governments, a much greater degree of freedom to bring down European fares, if they choose to do so.

The question is, will they choose to do so? It is already clear that some, such as British Airways, are anxious to reduce European fares, but in a more controlled manner than has been the case in the North Atlantic, probably by a continuation of the special off-peak, advanced purchase excursion and other promotional rates which that airline has already sought to introduce on a selected number of European routes this winter.

Changes

But some other European airlines have also indicated that they are not anxious to see fares cut by substantial amounts. The volume of protectionism in European air transport is much greater than in other parts of the world. The existing complex system of pool agreements and bilateral pacts makes it difficult for one airline, like British Airways, to cut fares if its partner in the pool or bilateral chooses not to do so. This factor alone seems to indicate that the wind of change on fares will blow rather more slowly throughout Western Europe than it has done on the North Atlantic.

At the same time, however, the pressures for cheaper fares in Europe are already strong, and are likely to intensify, both directly from consumers who have seen what cheaper fares can do on long-haul routes, and from charter operators who are already capturing a substantial share of the European short-haul holiday travel market with cheap inclusive-tour rates and who can be expected to extend their attack in the period immediately ahead.

The U.S. itself, although not directly involved in intra-European traffic, is nevertheless taking an increasing interest in what goes on there, if only because many of the U.S. airlines flying to Europe carry U.S. citizens who fly on with other, European, airlines. While the Civil Aeronautics Board may not be able directly to dictate a cheaper fares policy within Western Europe, there is no doubt that its influence will be pervasive, and may eventually be successful in cutting rates.

What is clear in the current world air transport situation is that there is an expanding future. The forecast for the next few years is for an average annual growth rate of about 8 per cent, varying upwards to close on 15 per cent in some regions of the world, such as the Middle East. This growth is already resulting in an upswing in re-equipment spending by the major airlines, especially as existing jet fleets grow older, more expensive to operate as fuel costs rise, and less acceptable at an increasing number of airports because of their noise.

The requirement is becoming increasingly plain for a new generation of quieter, more economic wide-bodied jets, in the short-to-medium range categories, following those such as the 747 Jumbo jet, the Lockheed TriStar and McDonnell Douglas DC-10 that are already available in the medium-to-long haul field. It has been estimated that, worldwide, the market for new jets of all kinds up to the late 1980s could amount to as many as 4,500 aircraft, worth more than £40bn to buy.

To meet this need, the major manufacturers are offering several new types. Boeing is offering the narrow-bodied twin-engined 757 and the wide-bodied 767; while both Lockheed and McDonnell Douglas are offering derivatives of their existing TriStar, DC-10 and DC-9 aircraft. From Western Europe, the A-300 Airbus has begun to make a name for itself in world markets, and is now to be followed by the smaller derivative, the A-310. Not all of this re-equipment will be due to the replacement of ageing existing fleets. A substantial volume of new aircraft will be needed also to meet the anticipated growth in traffic.

In short, what is happening in world air transport is that one era—that which saw the coming of the jets, and their steady evolution for nearly 20 years—is now coming to an end, and a new era of quieter, swifter, cheaper mass-travel in a new generation of aircraft is evolving. Airlines, regulatory bodies and other organisations are adapting themselves rapidly to this changing situation, and in many cases even governments — such as the US — have recognised the situation and are moving to meet it. By the early to mid-1980s, the world air transport system could be in a very different shape than the one we know today. If all goes as planned, it will be bigger, better equipped, cheaper to use, and hopefully more efficient. To achieve this result, much has already been done, and much is being done. But there is still a long way to go.

Michael Donne
Aerospace Correspondent

Success for the car hire trade

CAR RENTAL is not only big business it is good business to judge by recent reported profits at Godfrey Davis and the generally cheerful noises coming from Davis' two major rivals in this country, the American owned rental operators Hertz and Avis.

Explanations for the buoyancy of trade last summer are not easy to find. A combination of factors lies at the modest but significant shift in the economics of the car rental business. Direct consumer car costs have been moving upwards rapidly over the past 12 months as new vehicle and component prices have hardened along with the cost of insurance.

At the same time the poor weather during the traditionally peak hire months of July and August would seem to have forced many tourists to choose motoring as a less inclement holiday prospect. At all events, Godfrey Davis had a record year. The company does not spell out its earnings performance in the minutest detail, but it is nonetheless clear that car rental made a "full contribution" to a group pre-tax profit rise of very nearly 50 per cent during the year ended last March.

Car hire remains a seasonal business with the industry earning the vast bulk of its profits during April through to October. In recent years, however, the low season months have begun to assume a more prominent role. In the eyes of the average car hire operator, winter still conjures up images of windy, grey days spent staring at rows of unused cars through a rain spatted office window. But it is fair to suggest that the car hire trade is far more smoothly spread than it was even five years ago.

Part of the answer to this modest ironing out process lies with the so-called off season package which is now such an integral part of the travel and leisure industry. The holiday operators have become so adept at drumming up custom the whole year round that the trend is beginning to wash over on to the car hire trade, via what the industry refers to as its terminal business. Railway stations and airports are becoming increasingly important catchment areas for the industry.

At all events, the car trade is heading for a period of expansion. One of the major hire franchise operators in the U.S. has recently unveiled plans for substantial additions to its UK business. By 1980, Thrifty Rent a Car hopes to have increased the number of outlets in this country from the present dozen to around 130. Thrifty already has a car rental network on the continent.

The company operates through franchises, appointing local garages to its network while retaining all the benefits of local operation. In this sense it is similar to Budget Rent-a-Car. Thrifty's UK franchiser (which is called Selectacar) has branches outside Heathrow and Gatwick airports, as well as 10 other centres in the South East. "But we are now aiming hard for the local market," says the com-

CONTINUED ON NEXT PAGE

Hotel industry is more optimistic

ONLY A couple of years ago the hotel industry was in a pretty sorry state world wide. The years 1974 and 1975 saw a substantial slump in hotel revenues and profit performances in many parts of the world, a situation which was made more extreme in Britain by the coincidence of a substantial addition to the basic bed-stock. Throughout the world, although official published tariffs rose gradually, there was a considerable amount of discounting as hotel owners struggled simply to survive the storm.

From 1976 the picture generally has been one of continued revival, areas of the Caribbean and some parts of the Pacific may still furrow a few hotel brows and the potential for over-capacity in the Middle East is worrying one or two local investors, but by and large margins have risen sufficiently for the hotel industry once more to be regarded as one worthy of serious investment attention. To make things even more encouraging, the prices which some hoteliers paid for their properties in 1971-73 may have looked alarming then, but they look a lot more respectable today.

Demand

The gradual rise in customer demand has meant that hotels have been able not only to eliminate the more extreme discounting practices that abounded in 1974 and 1975 but also increase the official tariff.

This has not been done without some cries of alarm. In Britain the Price Commission took a long hard look at Trust Houses Forte Hotels, for example, and came to the conclusion that that company not only was "well-managed and forward looking" but also that its planned price rises were fully justified. The Commission report gave a fascinating insight into the industry generally and this company in particular. Illustrating the point about a revived market, for example, the report shows that THFH properties in London saw their occupancy levels rise from 74 per cent in 1973 to 87 per cent in 1977 and in other hotels from 62 per cent to 69 per cent, and that in doing so the company outperformed the average for the industry.

Nonetheless there have been signs in recent months that the growth curve in London at least is beginning to level off. Occupancy levels in the early part of this year showed signs of a wobble in London at least and indications from those travel agents who bring Americans to the UK are that things are not all that promising for the coming months.

That does not seem to have reduced the amount of wheeling and dealing that is in the wind, both in London and elsewhere. Sir Charles Forte may have brought off the most spectacular coup with his purchase of several hotels from the troubled J. Lyons groups but there have been many other interesting deals afoot—not least Trafalgar House's purchase of the Ritz and its sale of a substantial stake in the Savoy to Mr. Maxwell Joseph's Grand Metropolitan Hotels.

Meanwhile the American majors continue to show considerable interest in the London market, but as yet no one has found the right deal to take the plunge and embark upon a new round of building.

Elsewhere in the hotel world this is not the case. Building has been going on apace in the Middle East, a little too fast for some investors' comfort as they find themselves having poured cash into expensive properties which are now enduring relatively low occupancy levels and which show little hope of a medium-term recovery.

Costs remain a major preoccupation of the hotel industry, trapped as it is by the twin pressures of labour bills in land prices. The $100 a night room, already a common enough feature of de luxe hotels in many of the world's capitals, is likely to become a fairly normal amount for an acceptable room of international standards in any urban area within five years if present price trends continue. Even in countries such as Spain, traditionally a nation of low room rates, the pressures are proving too strong to resist. As labour organises and consumer demands increase so the rise in room rates is inexorable.

Most hotel companies are doing their best to ensure that their expensive investments are now fully utilised, the basic reason for the proliferation of conference facilities and special off-season and weekend packages. In Britain Grand Met. has probably been one of the most aggressive with its weekend deals but the Tourist Boards' Lets Go publications are filled with hotels offering special terms for non-peak bookings.

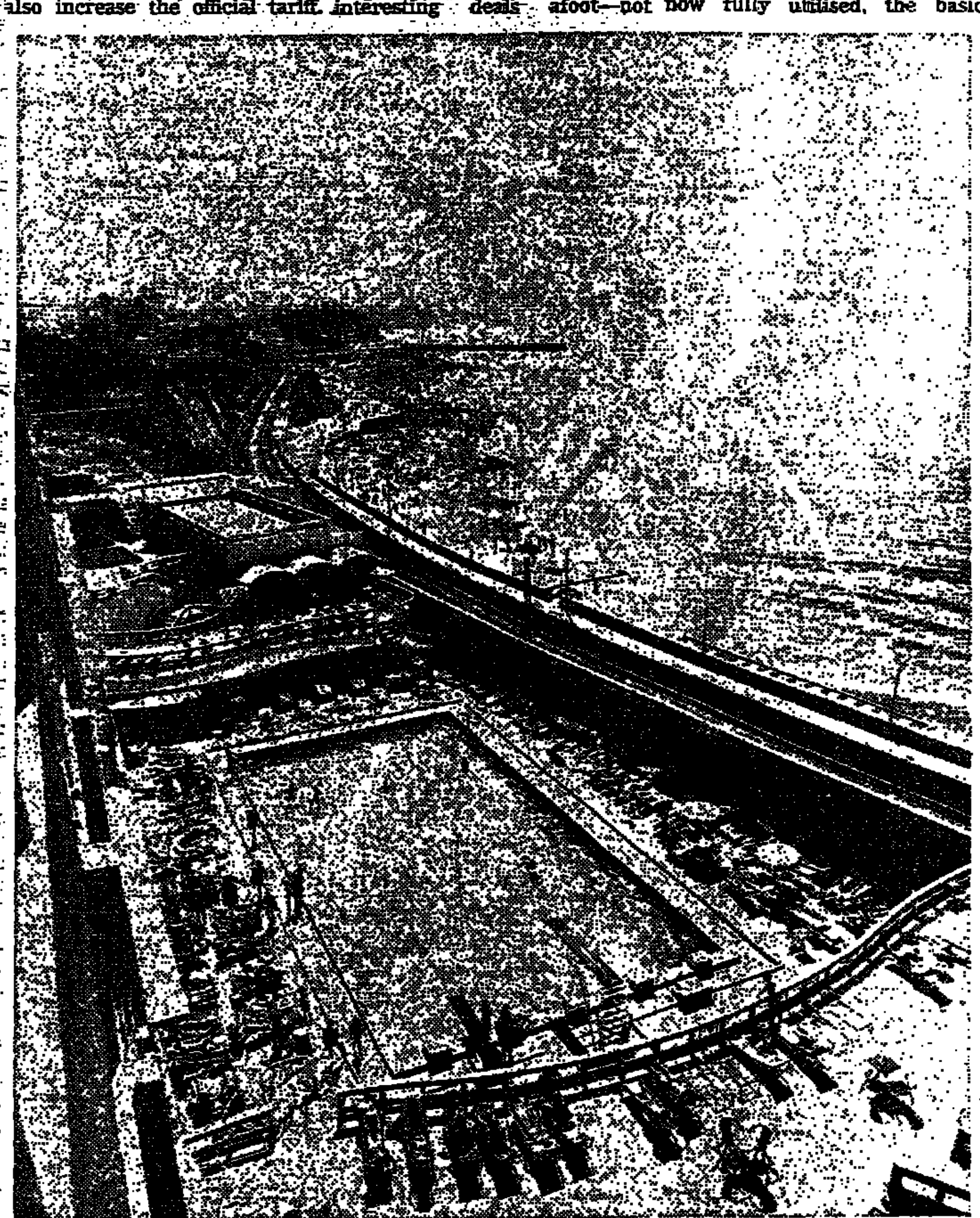
Tariffs

There is not only good commercial sense behind these promotions, but also the fear that tariffs which rise faster than general inflation are likely to prove a major travel deterrent, particularly if the currency of the host nation is stronger than that if its supplying countries—the lesson of Switzerland and Austria is not lost on the British hotel industry. Sir Henry Marking, chairman of the British Tourist Authority, has been among those who have expressed anxiety about the British hotel industry and its pricing and in their latest report on the hotel market consultants Greene, Belfield-Smith and Co. said: "U.K. hoteliers benefited from a declining pound against other currencies in 1976 and 1977. The pound has strengthened against other currencies this year or at least stayed static.

"Tariff increases have been high over the past two to three years. It is imperative that hoteliers do not increase tariffs higher than our competitor countries."

These words may seem fine for someone who is selling tourism but may be a little worrying for those who have just seen hotel investment coming back into the picture as being attractive again. The one comfort for the British is that the UK is not the only country with wage and price inflation problems, indeed ours are for once somewhat less pressing than others. Perhaps London room rates may not look so alarming in 1979 as some seem to think they will—at least in relative terms.

Arthur Sandles



The Atlantico Hotel in Estoril on the popular Portuguese coast

Car hire

CONTINUED FROM PREVIOUS PAGE

pany; its incentives to agents takes the shape of a 15 per cent commission.

Operations similar to those at Budget and Thrifty can to a large extent undercut the bigger boys, like Hertz, Avis and Godfrey Davis. But essentially the car hire trade is price competitive. It prides itself on offering solid value, and service for service there is little to choose between the various companies. Shopping around will benefit the tourist, but he may be wise to remember that service and reliability counts where holidays are concerned.

The major home grown car hirer Godfrey Davis is participating in the general expansion within the industry. Capital spending on new cars alone this season is expected to cost Davis close to £19.4m with the company expecting to have something like 9,000 cars out on daily rental in the peak months. A further 3,000 cars will be utilised by Davis' leasing operations, while vehicle numbers are increased further in van rental, an operation that offers a range of some 1,200 vans for hire or lease.

When accused of charging premium prices for car rental in Britain in comparison with some other European capitals, Davis is quick to react. A recent survey concluded that Stockholm was just about the cheapest city in which to hire a car with London coming second in the "economy stakes." Paris proved to be far and away the most expensive. The survey, which was related to the cost of hiring a middle stream car at an international airport, put London costs at £43 a day using a basic rate per day plus 125 free miles. The costs at Stockholm were £32 while in Paris prices soared to £95.

The survey settled for a Ford Cortina when programming Godfrey Davis into its computer. Lesser cars offered by the company—such as an Avenger or a Marina 1300—would cost the tourist slightly less than £10 per day with an addition of 6½p charge per mile driven. Assuming a day's driving of 150 miles, costs rise to around £19 per day, increasing, to say £23, adding in petrol. Spread that between four people and compare it with the cost of a meal in even a half-decent restaurant, argues Godfrey Davis.

The great marketing ploy of the U.S. hire majors, Hertz and Avis is their world wide availability and simplicity of service. The debate over who is the biggest is largely irrelevant to consumers even if it does add up to a curious and sometimes fascinating marketing story. In Britain, it has been Avis that has tended to make most of the running, although Hertz seems to be fighting back in the marketing war of words.

Equally impressive has been the performance of Godfrey Davis. Davis's major coup in recent years has been the link-up with British Rail, but recently it has introduced the Shuttle-Drive system in tandem with British Airways.

It is never easy to judge just how much of the total UK car market is in the hands of the major operators, since the industry remains fragmented with local garages and medium sized companies serving much of the regional community. The business user, especially one renting a car locally and returning to the same office, could be well advised to investigate this local market since the cash advantages can be sizeable.

After all the rent and leave system has its price, and where it is not being fully used there is little point in paying the premium. With an obvious eye to the non-premium market, Hertz has recently introduced a one-day, unlimited mileage service.

Jeffrey Brown

LOMBARD

Those men in Whitehall

BY PETER RIDDELL

"THE MAN in Whitehall knows best" spirit of Government might appear to be long dead like spam, the ground nuts scheme and other relics of the late 1940s. But the spirit is actually alive and well in Whitehall today—as shown most obviously by the proposal to make the wearing of seat belts compulsory but also more subtly and significantly in the Government's pay and exchange rate policies. At the root of this spirit lies a profound pessimism on the part of Britain's rulers about the ability of the ruled to make decisions affecting their own lives.

This is not really a question of which political party is in power; both take the same paternalist view. Perhaps the most crucial feature of this pessimism is its hold on senior civil servants—through elections, changes of ministers and U-turns. The spirit appears in the world-weary sense of deja vu which pervades Whitehall with the view that nothing will ever really make much difference to Britain's problems. Officials therefore conclude that it is necessary to temper enthusiasm and that Whitehall should control outside and market pressures otherwise events will get out of hand, threatening disaster.

Uninspiring

This pessimism was perhaps at its peak in 1974-75, though the same attitudes still have a powerful influence. Officials can, of course, point to Britain's uninspiring economic record since the war to support their scepticism. But it is arguable that by trying to keep control within Whitehall the mandarins could be making problems worse.

A classic example is exchange rate policy. Back in the spring and early summer of 1977, when it was unclear whether the Government and the TUC would reach a formal agreement on pay, the authorities used this uncertainty as one of the main justifications to hold down sterling. This was based on the view that if no agreement was reached sterling might fall and the authorities wanted to avoid sharp fluctuations. In the event no deal was concluded but demand for sterling increased, partly because of the weakness of the dollar, and this led to the heavy inflows and rapid money supply growth of 12 months ago. It would have been far better if the authorities had shown more confidence and had not tried to interfere with the market.

In practice, the Government denied itself an important means of keeping the exchange rate down by refusing to undertake any significant relaxation of exchange controls. This pessimistic, almost fortress Britain, approach permeates the whole of the controls which are based on the principle that you are not allowed to transfer money abroad unless permission is given. Behind this lies the implicit view that there would be a vast outward rush of capital if exchange controls were really relaxed. The irony of this view is that the existence of the controls did little to stem the downward pressures when sterling was out of favour two years ago, but the restrictions have probably been a hindrance since then.

The most pertinent example at present of "the man in Whitehall knows best" view is pay policy. Senior officials have in general consistently supported some type of formal incomes policy in the last decade, whatever the changes of mind of their political masters. The view has in effect been that market forces have to be restrained or else a pay explosion will result. It may be necessary to have short sharp periods of control, as in 1975, but the longer-term Whitehall approach ignores the impact of other economic influences, notably world price levels and the exchange rate.

The London Business School pointed out on Monday that on this basis earnings would rise by about 11 to 12 per cent during the current pay round and that if the Government wanted to improve on this then it should have a tighter monetary policy. Instead, the School argued, the policy of confrontation regardless of market conditions would be pointless; "the effect on the inflation rate will be minimal and the harmful effect on industrial structure will be far more enduring."

Absurd

It is clearly absurd that the Government itself has to be involved directly in almost every industrial dispute on pay. Indeed one of the main drawbacks of the current approach has been that as a result the British, far more than any other people, look to the Government to solve problems which are in practice outside the control of ministers or officials. If the rulers in Whitehall allowed the ruled to decide more for themselves, they might discover that the British were not quite so irresponsible as they fear.

Watershed for the North-East

BY RHYS DAVID

AROUND BRITAIN

KIELDER DAM

THE Upper Tyne valley, close to the Scottish border in Northumberland, is about as remote a part of England as can be discovered: an area of forests, mountains, small hamlets, scattered farmhouses and cottages, some of them lacking the basic amenities of mains water or electricity.

Yet within the past month a log cabin high in the hills near the village of Falstone has attracted its 50,000th visitor this year anxious, like all the others, to see an attraction that has not yet been completed.

The draw is the Kielder Dam, a £115m project which eventually is going to have a major impact not only on the upper Tyne but on the whole of the North East. Nearly 27,000 acres in surface area, or three-quarters the size of Lake Windermere, and with a shoreline of 27 miles, Kielder will be the biggest man-made lake in Europe, capable of holding 42bn gallons of water.

Its construction, in an area which already contained the biggest man-made forest in Britain, has entailed the removal of 1.5m trees and the shifting of 4m cu metres of earth to form the 52-metre high dam.

The scheme, which has attracted generous support from the European Regional Fund as well as grants from the UK Government and loans from the European Investment Bank, comprises, however, much more than the Kielder reservoir and its smaller sister, Bakethin, further upstream. The water, on being released into the Tyne beyond the dam, will travel 36 miles downstream and will then be pumped 676 feet uphill, inside a pressure pipeline, over a distance of nearly four miles, before being dropped into tunnels which will carry it 20 miles across the rivers Derwent and Wear to the River Tees. This device will enable Kielder water trapped on the Tyne to be delivered to the conurbations which have developed around the region's three main rivers, the Tyne, Wear and Tees. In particular, the scheme—the alternative to which could have been as many as seven reservoirs—will meet potential shortages around Middlesbrough with its heavy concentration of water-intensive industries. The area is ICI's most important petrochemical site as well as one of the British Steel Corporation's main centres, and in the severe drought of 1976 water supplies to major industrial users were within weeks of being withdrawn.

For visitors to the log-cabin information-cum-advice centre set up by the Northumbrian Water Authority, the builder of the reservoir, one of the abiding impressions this summer will have been the size of the earth-moving task as vast pieces of construction equipment trundle back and forth.

The decision to welcome visitors represents more than mere recognition that the project would be interesting to the public and therefore merited a more imaginative approach to public relations than the water authorities have perhaps been noted for in the past. The liaison officer at the centre, Tom Buffey, is link man with the local inhabitants, many of whose lives have been affected by the development. A total of 26 houses, for example, have had to be built at water authority expense in local villages to replace those on land to be submerged.

The impact is likely to be lasting, too, because of the recreational opportunities which the project opens up. The centre provides a means of collecting the views of both local people and visitors on the way these should be developed. Because of its size, Kielder will represent one of the biggest ever single extensions to recreational facilities in the UK.

Fishing, dinghy sailing, canoeing, motor-boat cruising and even water ski-ing are envisaged, together with a variety of land-based activities such as field studies, horse-riding, orienteering, and forest walks. There will also be facilities for the less active. Plans for a ferry service and various types of accommodation from self-catering cabins to a hotel have also been put forward.

These facilities are likely to be phased in with the growth of demand following the completion of the dam, probably sometime in 1981. The work, which started in 1975, is half completed although there have been delays because of bad weather and unexpected soil conditions. These have helped to put back the project some 16 weeks but because work has to stop for the winter, the effect has been to delay the start of flooding the site by one year until 1980.

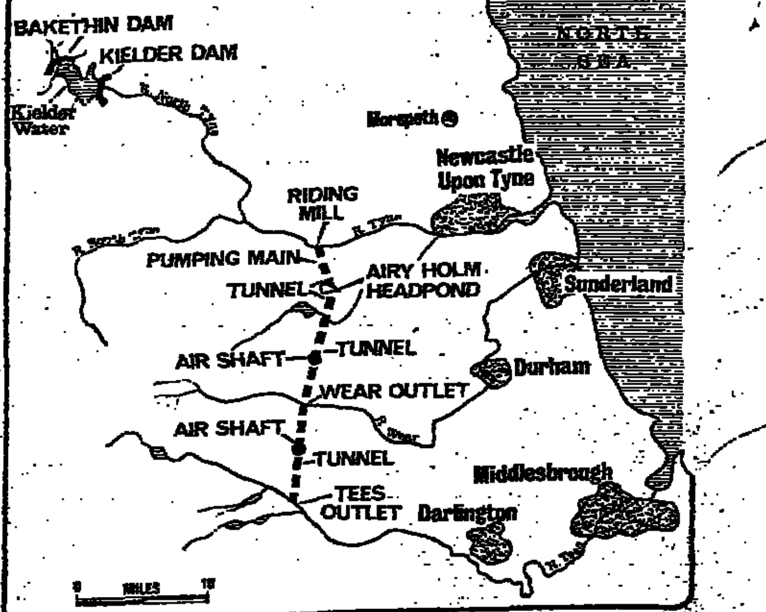
The delay in the end is unlikely to be crucial, as some water will still be available for pumping across to the Tees.

The more serious issue is whether, in the light of events since the project was first envisaged in the 1960s, as big a scheme as now exists was really needed. In the 1960s, demand for water was expected to grow rapidly in the region. But in the past four years the rate of growth in demand in the area covered by the Northumbrian Water Authority has in fact varied from minus 3 per cent in 1975 to plus 3 per cent in 1977. A 3 per cent rate of growth is expected to be maintained for the period up to 1986 but the two main water users on Teesside, BSC and ICI, have both cut back expansion plans because of the recession in their industries.

But although some of the urgency for a scheme of this vast size may appear to have diminished, the reservoir has to be seen, the water authority maintains, as a major regional and indeed national asset. "The investment is one of a series of major improvements in infrastructure designed to enable the area to compete effectively in the attraction of new industry," Sir Ralph Carr-Ellison, chairman of the authority, points out.

The North East, with its current unemployment level of 8.2 per cent, is one of the UK's unemployment blackspots and to try to counter this, massive investment has already gone into new road links, port and airport facilities, telecommunications and energy resources. With the completion of Kielder water needs, to the beginning of the next century and beyond will now also have been anticipated.

THE KIELDER WATER SCHEME



Lynch has bright prospects on Greats and The Stork

RACING

BY DOMINIC WIGAN

"KIPPER" LYNCH, who came close to winning Wilkinson Sword's jockey of the month competition for his highly accomplished jockeyship in October should be back among the winners at Newmarket this afternoon.

The popular and unassuming Wantage rider's 1979 prospects look particularly bright now that he has landed one of the big jobs at headquarters as stable jockey to Bruce Hobbs. He also has several likely looking prospects on the Rowley Mile course, including the mounts on Greats and The Stork.

Greats, Mrs. James de Rothschild's once-raced Great Nephew colt, is in the 1¼ mile Zetland Stakes. This bay is half brother to that useful middle distance performer Bagshot son of the Gray Sovereign mare, Grisbi. The colt ran with a deal of promise at the last meeting here, to finish fastest of all in seventh place in the 26-runner second division to the one mile Chesterton Stakes.

Greats is sure to be ideally suited by an additional quarter mile, and can confirm the notable promise seen in his recent home work by accounting for Mr. Ravi Tikkoo's more experienced Halyudh, who disappointed me when fading half way in the first division of that same maiden event.

The Stork, a bay filly by Club House out of Cry Help, ran a shade disappointingly on her debut, but she is reported to have been going well in recent gallops. I therefore intend to take a chance with her in a weakly-contested race for the Red Lodge Maiden Stakes.

One event I do not see falling to Lynch, who celebrated his 39th birthday yesterday, is the Potter Trophy. His mount, Sovereign Seeker, is unlikely to trouble the highly rated Explosiva, who found no difficulty in outpacing Pluvial and La-Don after taking up the running inside the final furlong in a maiden event at Warwick a fortnight ago.

The form of that Warwick race was given a useful boost when La-Don went on to run out an easy winner at Sandown. Explosiva is suggested as a good bet.

It usually pays to follow a filly who has recently struck winning form, and I shall not look beyond Pagan Queen in the Haddenham Handicap. Last time out, Harry Wragg's three-year-old kept on far too well for Takarabune and 12 others in the Quy Stakes on this course.

NEWMARKET

1.15—Pagan Queen**
1.45—Salinsky
2.15—Jolly Green Giant
2.45—Greats*
3.15—The Stork
3.45—Explosiva***

TV/Radio

† Indicates programme in black and white

BBC 1

9.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman (cartoon). 4.55 Crackerjack.

5.40 News
5.55 Nationwide (London and South-East)
6.20 Nationwide
7.00 Tom and Jerry
7.10 Star Trek
8.00 Going Straight
8.30 Rings on Their Fingers
9.00 News
9.25 Target
10.15 Tonight in Town (London and South-East only)
10.45 Regional, National News
10.50 The Late Film: "The Desperate Ones" starring Maximilian Schell.

All Regions as BBC-1 except at the following times:

Wales—1.45-2.00 p.m. Nant-Y-Pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Cawl a Chan. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland — 10.23-10.43 and 11.5-11.25 a.m. For Schools. 5.55-6.20 p.m. Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Northern Ireland — 10.23-10.43 a.m. For Schools (Ulster in Focus). 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Dragons Afloat. 10.45-10.50 Regional, National News.

England — 5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In the Country; Midlands (Birmingham) Knaves and Fawkes; North (Leeds) Close-up North; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) It's Your Bid; South West (Plymouth) Peninsula; West (Bristol) Ascension.

BBC 2

11.00 a.m. Play School (As BBC-1 3.55 p.m.)
5.25 News on 2 Headlines.
†5.40 Laurel and Hardy Showcase: "Going Bye Bye"
6.00 The Voyage of Charles Darwin
7.00 Mountain Days
7.30 Mid-Evening News.
7.35 Delia Smith's Cookery Course
8.00 Top Crown
8.30 Westminster
9.00 Tennis: Great Britain v. USA: Carnation Wightman Cup
9.25 Horizon
10.15 Sounds Like Friday: Leo Sayer
10.45 Late News
11.00 Rock Goes to College
11.40 Tennis (highlights)
12.30 a.m. Closedown (Reading)

LONDON

9.30 a.m. Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 Song Book. 12.10 p.m. Hickory House. 12.30 Country Style. 1.00 News plus FT index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Friday Matinee: "Climb an Angry Mountain." 4.15 Raven. 4.45 Magpie. 5.15 Thames Sport.

5.45 News
6.00 Thames at 6
6.30 Emmerdale Farm
7.00 Mixed Blessings
7.30 General Hospital
8.30 "Vegas" June Allyson and Tony Curtis
10.00 News
10.30 Police 5
10.40 Soap
11.10 The London Programme
12.10 a.m. George Hamilton IV
12.40 Close: Music by Bartok, painting by Munch

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Film Matinee: "The Hills Run Red," starring Dan Duryea. 5.25 Happy Days. 6.00 About Anglia. 10.30 Probe. 11.00 Fireside Theatre. 12.00 The George Hamilton IV Show. 12.30 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. †2.25 Movie Matinee: "My Teenage Daughter," starring Anna Neagle. 5.15 Happy Days. 6.00 ATV Today. 10.30 Stardust Man: The John Otway Story. 11.15 Soap.

BORDER

†1.20 pm Border News. †2.25 Friday Matinee: "My Teenage Daughter," starring Anna Neagle and Sylvia Sims. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 Firehouse. 11.00 Celebrity Concert: Jack Jones. 12.00 Special Edition. 12.20 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 1.30 Stone of Destiny. 2.25 The Friday Matinee: "Paris When It Sizzles." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Lost Islands. 10.28 Channel Late News. 10.32 The World of Liberace. 11.30 Streets of San Francisco. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.25 Friday Matinee: "The Most Dangerous Man in the World," starring Gregory Peck. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 Mixed Blessings. 7.00 Welcome to the Ceilidh. 10.30 Reflections. 10.35 The Friday Film: "Castle of Evil," starring Scott Brady. 12.05 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm This is Your Right. 1.30 The Amazing World of Kreskin. †2.25 Friday Matinee: "Moment of Danger," starring Trevor Howard and Dorothy Dandridge. 4.10 Cartoon. 5.15 This is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. 11.00 Celebrity Concert: Jack Jones. 11.55 Friday Movie: Columbo.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 The Friday Matinee: "The Blue Lagoon," starring Jean Simmons and Donald Houston. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Friday Film: "A Covenant With Death."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.35 Letter by Letter. 11.05 Outlook. 11.35-12.30 am The Outsiders.

HTV West—As HTV General Service except 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 1.30 Houseparty. 2.25 Friday Matinee: "Then Came Bronson," starring Michael Parks. 4.10 Cartoon. 5.15 Mr and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.00 Get Some In. 11.30 Late Call. 11.35 Richie Brockelman.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. †2.25 Friday Matinee: "To Be Or Not To Be," starring Jack Benny, Carole Lombard and Robert Stack. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Tell Me Another. 10.30 Weekend. 10.35 The Southerners. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "The Merchant of Four Seasons."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee: "Then Came Bronson," starring Michael Parks. 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 The Andy Williams Show. 11.00 Twist in The Tale. 12.00 Police Surgeon. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Rolf Harris. 2.25 Friday Matinee: "My Teenage Daughter." 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Reports. 6.25 Sportscast. 10.30 Stars on Ice. 11.00 Celebrity Concert—Jack Jones. 11.55 Bedtime.

WESTWARD

11.55 am Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "Paris When It Sizzles," starring William Holden and Audrey Hepburn. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 The World of Liberace. 11.30 Streets of San Francisco. 12.25 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "Then Came Bronson." 4.10 Cartoon Time. 5.15 Happy Days. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 The Galton and Simpson Playhouse. 11.00 Richie Brockelman. 11.55 Oscar Peterson Presents Joe Turner.

RADIO 1 247m

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Jim Macleod and His Band (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Jim Macleod and his Band in the Radio 2 Ballroom (S). 8.02 Neil Richardson conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Support Your Local. 10.30 Let's Go Latin with Ronnie Hazlehurst's Satin Latin. 11.02 Sports Desk. 11.35 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich. 9.50 BBC Northern Ireland Orchestra (S). 10.35 Young Artists Recital (S). 11.30 Ives and Poulenc song recital (S). 12.05 BBC Northern Symphony Orchestra, concert part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern Symphony Orchestra, part 2 (S). 2.10 Jakob Gimpel piano recital (S). 3.10 Roy Harris concert (S). 4.20 Songs by Liszt and Richard Strauss (S). 4.35 Geraint Jones. 4.55 Music From Finland (S). 5.45 Homeward Bound (S). †6.30 News. †6.35 At Home: Guido Cantelli at Carnegie Hall. 7.30 Smetana chamber music (S). 8.00 Mass of Christ The King by Williamson, in the presence of The Queen Mother (S). 10.00 Poetry Now. 10.30 Music Now. 11.15 Alistair Cooke's Jazz 20s. 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.30-7.30 pm Open University.

RADIO 4 434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Local Time. 9.35 The Pleasure Principle. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Inverbervie, Kincardine, Scotland. 11.35 School Plays at Darlington (first of two talks by Clement Freud). 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Manchester, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 A Mouse For All Seasons. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime (S). 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio 194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 City To City Satellite Link-up. 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,813

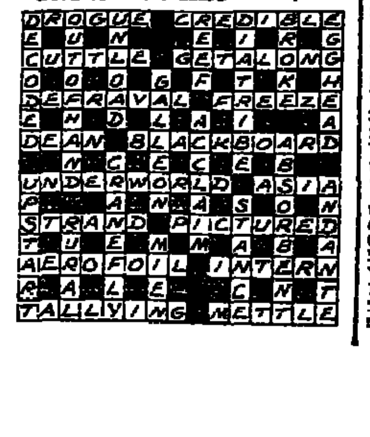
ACROSS

1 Revive sorrow of founder (4, 2, 5)
7 Stop up with mother (3)
9 Score is higher than average before end of July (5)
10 Batting on the way out by the way (2, 7)
11 Very close to ten with baby African (9)
12 Tripped by river! (5)
13 Figure without a horse superimposed (7)
15 Friends back strike (4)
18 Hundreds going to shed (4)
20 Elevate Cockney female before generous ... (7)
23 ... Indian is given railway welcome (5)
24 Put restrictions on potato store coming from London (5, 4)
26 Over-object to the behaviour expected (4, 5)
27 Common language student chanted about (5)
28 Blossom in Maidenhead certainly (3)
29 Metal worker showing up team of experts (5, 6)

DOWN

1 Infectious part of cricket (8)
2 I am upset over inflamed worker becoming aggressive (8)
3 Plant obtainable from policeman on request we hear (5)
4 Hear inside information and shine (7)
5 Rising 1,000-1 favourite is useless as a moving force (7)
6 Unlikely to run coach express (4, 5)
7 Wheel controller to the club (6)
8 Could youth leader become great? (6)
14 Bird has the pace of the march (5, 4)
16 Harsh-sounding wreckage of Ann's boat (8)
17 Youth who hasn't made a score (8)
19 First of few to suit party (7)
20 Eastern front of army gets leg-up from gospel (7)
21 First person to put up with Frenchman in the same book (6)
22 Keep Napoleon's general out of row (6)
25 Stick up for tea-time spread (5)

Solution to Puzzle No. 3,812



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

THEATRES

CINEMAS

Cinema

A study in contrasts

by NIGEL ANDREWS

Stevie (AA)
Classic Oxford Street
Hooper (A)
Scene, Warner West End, Classic Oxford Street and ABCs Fulham and Edgware Road
The Sound of the Baskervilles (A)
Summer Paradise (AA)
Paris Pullman and Phoenix

It is not often that a week's new movies offer a contrast as dizzying as that between *Hooper* and *Stevie*. In the first film you may see Burt Reynolds leaping about as a Holywood stuntman, perform every space-devouring feat from falling from a helicopter at 230 feet to vaulting a 300-ft ravine in a rocket-propelled car. In the second film, *you may see Glenda Jackson* sitting in a suburban sitting room for 102 minutes, talking either to the camera or to Mona Washbourne.

A distant memory of an old Peter Sellers record comes back to me in which, during a spoof on Critic's Forum, Irene Handl as a posh-voiced blue-stocking uttered the deathless remark—vis-a-vis some film—"This to me was *true* cinema." She was privy to a secret that no film critic I know has ever held. "True cinema" is an elusive beast. Instinct has always told *me* that what it vehemently is *not* is a filmed play in which the camera seldom *leaves the four walls*—three, I should say—of a single studio setting. Yet I find *Stevie* a much more enjoyable, even eventful, movie than *Hooper*.

It is based on a play by Hugh Whitemore which enjoyed a successful run in the West End, with Miss Jackson in the lead. Stevie Smith, its subject, was the lady who wrote the famous poem about "not waving, but drowning," and who lived for most of her mature years with a maden aunt in a humble suburb of Greater London. She died in 1971 aged 69. Much or most of the play was written as a *monologue to the audience*, interspersed with dialogue between Stevie and her aunt (played, on screen as on stage, by Mona Washbourne).

In the film, the first time Glenda Jackson turns her head to the camera to deliver one of these monologues, an almost perceptible shudder runs through the audience. This technique has never worked in movies, where the live rapport between performer and spectator is missing, and it does not work here. Yet one slowly gets to it as to a necessary evil. Other things are harder to get used to. Even in the *lowly category of filmed play*, Robert Enders's direction is not too distinguished, saddling the movie with some perfunctory flashback shots and a handful of those awful mandatory location sequences — here featuring Trevor Howard, craggy and duffle-coated as "The Man," a sort of chorus figure wandering around recalling Stevie.

But the film has two all-redeeming merits: a good script and Miss Jackson. Correction, three—a good script, Miss Jackson and Miss Washbourne. Miss Washbourne is like some vast doormouse, snoozing in an armchair one moment, sniffling around her kitchen the next. ("I think I'll go and prod the joint," she keeps saying when Stevie is in the middle of some inspired flight of anecdote).

She is straight-man to Glenda Jackson's glorious stand-up tragicomedy act. In grey hair and dowdy dresses and two-piece suits, Miss Jackson strides the sitting room like a wilting suburban colossus. Somehow *she* has turned those minx eyes and that mouth that is a natural sneer into a portrait of tenderness, vitality and humour. She swoops, purrs, trills and snarls through the role with a vocal versatility that English female acting hasn't seen since Edith Evans. After an hour and three quarters you feel you have learned most of what there is to learn about Stevie Smith, and you would still be happy to stay and learn more.

★

Compared to Glenda Jackson's repertoire of facial and vocal nuances—150 at a rough estimate — Burt Reynolds has two: the raffish smirk and the look of offended innocence. The first is employed to let people know that he is a lovable rogue who is always ahead of the game. The second is a disposable mask of affronted bewilderment usually donned just before he smashes a fist in an enemy's *face*.

Reynolds has the natural likability of a 1970s Clark Gable. (Indeed he is favourite to play Rhett Butler in the coming sequel to *Gone With The Wind*.) But unlike Gable he trades mercilessly on his own knowing charisma. Hooper is 99 minutes of *mutual* admiration between Reynolds and his fans. Reynolds plays a stunt man—the best in Hollywood, we are told—whose career is jeopardised by ever-more-gloomy doctor's reports and by the encroaching threat of the New Generation of stunt men, incarnated here by Jan Michael *Vincent*.

The film, directed by former stunt man Hal Needham, coasts along on its action set pieces, provides some romance and heartache in between (romance with Sally Field, heartache with Brian Keith as her aging stunt man of a father), and plays a laborious will-he-won't-he game with the matter of Reynold's climactic attempt to leap a 300-foot gorge Knievel-style *in a souped-up car*. He does leap it, cheers and congratulations erupt around him, and the final shot—a last, clinching glimpse of the Hollywood narcissism that lies behind this whole film—is a freeze-frame of Reynold winking cutely and conspiratorially at the camera.

★

If I could run *The Hound of the Baskervilles* through on a private moviola, I could note down for you the exact times and places of the scenes you should stay alert for, and the exact times and places of the scenes in which you can allow *your mind to wander*.

This is perhaps the most erratic comedy in the British cinema's history. There is some good news. Peter Cook plays Sherlock Holmes with a winning eccentricity and a Jewish accent. Dudley Moore is in good form as a smother-loving Mrs. Holmes, who pursues her son from case to case and calls him "Sherl" and his friend "Watty." (Moore also plays Watty). The supporting cast is distinguished: Kenneth Williams, Joan Greenwood, Denholm Elliott, Max Wall, Irene Handl and others. And there is also, for Cook-Moore connoisseurs, a reprise of the one-legged Tarzan sketch specially adapted for a Conan Doyle situation.

Now the bad news. Paul Morrissey, formerly director of such Andy Warhol films as *Flesh*, *Trash* and *Heat*, clearly doesn't know what approach to adopt to a hit-or-miss script (by Cook, Moore and himself) that is essentially *a revue-style chain of* sketches. *He* has one triumph, in a deliriously funny scene involving Denholm Elliott and an incontinent Chihuaha, and he has some good moments with Joan Greenwood as an *Exorcist*-style demoness. But there are also long scenes that don't raise a smile at all. The script's morasses keep opening up and swallowing everyone's talents (the feeblest scenes are those at Baskerville Hall). And in the film's last twenty minutes, when events should be reaching their comic peak, they subside instead into a Grimpen Mire of comic enervation. One feels like taking the film—so good are its best moments, so remediable or replaceable, one would think, its worst—and red-pencilling it and sending it back to be done again.

★

Summer Paradise is an intelligent, compassionate, bleakly humorous Swedish film directed by Gunnel Lindblom, hitherto better known to filmgoers as one of Ingmar Bergman's leading ladies. (Her appearances included *The Virgin Sprin*, *Winter Light* and *The Silence*.)

A family gathers at a country retreat for its annual summer holiday: but the vacation proves purgatorial rather than restorative. Old wounds are reopened, *generations clash, the story ends* with a suicide.

The main character, lovingly drawn and played, is a middle-aged female doctor trying to live with, and articulate, her disillusionment with a world in which caring has become the prerogative less and less of individual human love, more and more of state welfare and charity. Her fellow characters drift in and out of focus with an almost Chekhovian casualness and tragicomic eloquence. And although the *film is mournful-philosophical* in hue, anatomising the problems of late-70s Socialist Sweden, Nordic *pessimism is leavened with a* nicely mischievous humour. It is a touching film, and a surprisingly assured directorial debut.

Sally Field and Burt Reynolds in "Hooper"

Duke of York's

Clouds

by MICHAEL COVENEY

The setting for Michael Frayn's comedy, first seen two years ago at the Hampstead Theatre, is Cuba "or, at any rate, an empty blue sky." The stage direction sets the tone for a fluid, highly original entertainment that sparkles like glistening rain around the central, *tentative relationship of two* journalists covering the country for rival colour supplements. Owen Shorter is a professional on another assignment ("One always feels differently about a country after lunch") while Mara Hill, a novelist with more than a touch of Edna O'Brien about her (those clouds and, for all I know, that glistening rain), deals in "experience" rather than deadlines.

Mara wants to know about labour wards, *not* labour camps; she quizzes the Cuban guide about abortions and personal case *histories en route to an* experimental fertiliser plant; and she melts tearfully at the breakfast table on account of a whole day stretching ominously ahead. Dubbed sardonically our "distinguished lady novelist" by Owen, she nonetheless unlocks the native bosom, in the shape of the guide and a grinningly acquiescent black driver, by turning the key of feminine guile and charm.

Meanwhile, Owen is inexorably attracted to her despite professional misgivings and fond daily despatches to his wife and children. The subtle shifts *between rivalry* and cunningly sensual camaraderie are beautifully detailed in Mr. Frayn's writing, which is as witty and intelligent as anything on the London stage. The small investigative party is completed by the presence of an ebullient bookman from the University of Illinois (Mark Kingston) and their progress through post-Revolutionary technology and sun-baked landscapes is handled with breathtaking simplicity in Michael Rudman's superb production. The *visual impact of the show is* gloriously unemphatic, five actors manipulating six chairs and a table in front of Gerry Jenkinson's seductive lighting changes projected on a dominant blue cyclorama.

Paul Chapman and Mark Heath are perfect as the representative natives, the former placing the whole operation in the cruel perspective of an ethnic sideshow for disinterested visitors. Felicity Kendal comes on like someone radiant from a hot bath, *following the star of her glowing* sensitivity like a true pilgrim. As if that were *not* enough, the lady has lovely shins. Yes, I did write that sentence. Tom Courtenay relies on a sort of donnish eccentricity that is slightly at odds with the character's reputation; I could not but wonder how he ever got through customs in one piece.

The Ray Cooney management decided to open the Press Night a full hour later than is usual without, as far as I can determine, *any official consultation* with the Critics' Circle. Given that he is presenting a play about journalists, Mr Cooney has thus demonstrated a surprising and total contempt for his major source of free publicity.

Leonard Burt

Tom Courtenay and Felicity Kendal

St. John's, Smith Square

BBC Symphony

On this visit to conduct the BBC Symphony, Rudolf Barshai brought with him his arrangement of Shostakovich's Quartet no. 8, retitled Symphony for String Orchestra. The form of the work — movements forming a continuous whole, with a frenetic middle both prefaced and followed by sombre, disconsolate reflections — suggests less a "symphony," in this version, than an extended elegy in the tradition of Strauss's *Metamorphosen*. As it happens, the "new" work shares a key feature with Strauss's — the use it makes of quotation: but Strauss quoted the "Eroica" Symphony, whereas Shostakovich quotes himself. His well-known Cello Concerto and the Piano Trio figure most prominently: the *frantic* climax of the Finale of the former, and the main subject of the latter.

The citations are not oblique or concealed, but insistent and substantial, and plainly fraught with some personal significance. Here at one remove, they are made harmonically unquiet. In the Barshai version they sound less like themselves (the Concerto theme is essentially the soloist's tune, but Barshai mostly assigns it to a whole string section—apparently with the composer's approval): what in the original Quartet seems private, anguished reconsideration becomes more *broadly* and heavily deliberate. Not, perhaps, less effective; but it may be said that the lean, unconventional quartet-writing loses much of its strangeness when stretched across a large string band. Granted that the bare lines of the opening and closing Largos cannot sound like free meditations on six cellos instead of one, Barshai's performance was as idiomatic and intense as expected.

The concert on Wednesday also included the 19-year-old Schubert's Fifth Symphony, and Beethoven's Second. The Schubert *was altogether happy*, with the *Sturm und Drang* elements of the Finale brought vividly to the surface. In the Beethoven, after an imposing Adagio molto the orchestra plunged into the first movement proper with an inelegant splash. They recovered quickly, but there were intermittent lapses in the last two movements: the performance was interesting chiefly for a Larghetto of unusual emotional violence.

DAVID MURRAY

Theatre Royal, Stratford

The Football Apprentices

David Holman's play is at once a documentary account of the *way in which promising school*boy footballers are trained to become professionals and a story *of how one apprentice makes it* and one doesn't. There are six apprentices in the squad under training, but the two whose careers are examined in close-up are Clive Pope, only son of a football-mad father, and Walcott Burns, a West Indian born in East London.

Clive is so good as a schoolboy that he soon displaces the older boy whom the club was training; in his turn he is threatened by a competitor of equal talent but greater height. Walcott has bags of talent but no commitment, to use the phrase always on the managerial lips. The play is open-ended, its plot being *only* a sheet on which details of training, both physical and moral, are inscribed; but it looks as if Clive's apprenticeship may end after his 18 months' agreement is up and Walcott will finally find his form.

The story is full of absorbing detail, and Mr Holman (whom I commend to the National Youth Theatre) writes with what seems to me masterly expertise of the technical tyrannies of training. He is half didactic in his approach, in which he is doing some service to families with ambitious footballing sons; and he has a nice demotic wit. He makes good use of the typical *Cockney developing joke: "I'll* set my dog on you," says Peter, the trainer. "Your dog ain't got any teeth." "I'm getting him a set for Christmas."

The acting, directed by Sebastian Born, is uniformly able. Paul McCleary plays Clive, and Walcott inclined a little to overdo his melancholy moments, is played by Trevor Butler. There is a telling sketch of Ian, the assistant manager, by Gary Whelan, and Geoffrey Hinsliff, having briefly been a remarkably competent schoolmaster, transforms himself into the fiery Eddie, who just beats Ian to the head of the short list as the new manager.

Both boys and men encompass their exercises with skill. There is a fascinating scene where a practice tackle by Walcott gives one of the first team—an international, moreover—an injury that keeps him off the field for three months. It is done in slow-motion like an action replay, so that we can take our own sides as to whether it was deliberate or not.

B. A. YOUNG

Covent Garden

Così fan tutte

by NICHOLAS KENYON

John Copley's infamous Mozart parody, *Carry on Cosi*, took the stage at Covent Garden on Wednesday night for the formal opening of the 1978-79 season. If the Royal Opera wish to alert us to their financial crisis, they could scarcely do so more effectively than by this month's bare programme, with its mere two operas: one, Meyerbeer's *L'Africaine*, a borrowed new production; the other, this *Cosi*, a revival demanding minimal resources. Yet what this *Cosi* does far more potently is to alert us to the desperate lack of artistic coherence in this house's approach to Mozart production: Mr. Copley's collection of nudge-nudge, wink-wink humorous devices makes out a powerfully strong case for not *staging this most subtle of* dramas in this vast arena.

There are some fine individual performances, and it is only fair to say that the evening is hugely enjoyed by a capacity audience. Margaret Price makes a welcome return to Covent Garden with a Fiordiligi of magnificent authority: the voice brilliant but warm, with a voluptuous range of tone-colour, scintillatingly precise. Agnes Baltza uses a wide vibrato to fine effect in Dorabella's arias, revealing an alternately suppressed and melodramaticised emotion; she sparkles nervily, and her seduc*tion is the one convincing* dramatic moment in the evening.

The relentless pertness of Daniela Mazzucato's bouncily-sung Despina brings diminishing returns, and she plays not to her employers but to the gallery. The men are less convincing: Thomas *Allen* a clownish Guglielmo, Ryszard Karczykowski a simple, cloudy-voiced Ferrando, and Donald Gramm a dumpy, withdrawn, ill-focused Don Alfonso—a curiously negative house debut.

In the pit, Lawrence Foster conducts with staccato energy and vigorous attention to ensemble, but rarely seems able to relax with his singers. He has to fight an orchestra which is rarely willing to let Mozart's sensual colourings blossom in its playing. And so we are left with Mr. Copley's symmetrical pairs of watering cans, kneeling mats and bird cages to articulate the opera's meaning—to which one must add the running joke of Mr. Allen's collapsible moustache, which having been an unintentional success on Wednesday, will now doubtless be written into the production.

Leonard Burt

Margaret Price, Donald Gramm and Agnes Baltsa

Arts news in brief . . .

The British Film Institute has announced that the Brighton Film Theatre is to cease operations from December 13. The lease on the theatre expires on December 25 and the British *Film Institute*, which operates the cinema, is unable to renew it.

Although the Brighton Film Theatre has operated successfully as an exhibition centre, it lacks the space for the sort of activities the BFI would like to see developing in a Brighton Film Theatre, with additional social, educational and information facilities.

The BFI has been looking for an alternative site for the Brighton Film Theatre but, although the search continues, has so failed.

★

The Mozart Memorial Prize has been saved at the last *moment*. It was feared that through lack of a commercial sponsor the Prize might have to be discontinued. But Harry Blech was able to announce after the presentation of the 1978 prizes that the Royal Doulton Group had stepped in to finance the 1980 competition.

The first prize of £250 plus concert appearances was awarded to the soprano Helen Walker while the pianist Benjamin Frith received the £100 second prize. An unplanned third prize went to flautist Philippa Davies on the suggestion of Royal Doulton because of the fine line between the best three performers.

★

Dorothy Squires, the controversial singer who proves her popularity by hiring theatres and filling them with her faithful fans, has embarked on her most ambitious project yet. She plans to stage a musical based on the life of Charles II on Broadway.

She has written the words and backed her creation with £80,000. The remaining £350,000 comes from supporters or has yet to be found. On Sunday she is appearing at the London Palladium.

Staff changes at Riverside

Nicholas Hooton has left Riverside Studios, Hammersmith, to take up a newly-formed post as development co-ordinator for the Royal Opera House, Covent Garden.

Scottish-born Bill Hutchison *took up the post of general* administrator of Riverside Studios last month. He had been director of Battersea Arts Centre since August 1977, having been assistant director since September 1974.

The former business manager of the Lyceum Theatre, Edinburgh, David Brown, took up the appointment of financial controller of Riverside in September. Peter Gill remains overall director of Riverside Studios.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Friday November 3 1978

Pre-emptive markets

THE SHARP rise in money market rates in recent days produced its natural consequencie yesterday when Barclay's Bank raised its base rate by a full 1½ per cent. When banks are operating under corset limitations on the growth of their books, they cannot afford to allow their own base rates to get too badly out of line with market rates, since this can provoke borrowing by first class customers to re-lend in the wholesale markets. There can be little doubt, then, that the other banks will follow the Barclays example before long, though it may take a few days for rates to settle down.

Neutrality

This rise in interest rates, less than a day after a strongly-worded anti-inflationary speech by the Prime Minister, may well look to the man in the street like the first stage in a new official credit squeeze: but in fact the Bank of England has rather ostentatiously left its own minimum lending rate unchanged as a symbol of official neutrality. The authorities have done nothing to check the recent rise, but they have certainly not encouraged it. The markets, after a long and sometimes painful experience of official squeezes, have learned to anticipate them. When both the Chancellor and the Prime Minister restate their commitment to monetary and credit restraint in difficult times, the market makes its own judgement of the rates which will be needed to carry out this policy. In a rather back-handed way, the market's action could be read as a vote of confidence in the Government's monetary sincerity.

It is worth underlining the domestic pressures for a rise in rates, because the rise has been partly due to events in New York. However, although old habits of thinking are hard to change, it would have been very illogical for British rates to rise for purely international reasons. In a world of floating currencies, the linkage between national credit markets is rather slack and can during rapid exchange rate movements go into reverse, with rising rates in weak currency markets and falling rates in strong ones.

Hedging against a possible dollar recovery was part of the explanation, but only a small part. While it is true that a strong dollar would attract funds from other countries and exercise a worldwide pull on interest rates, one result would be a quick fall in dollar rates from whatever proves to be their crisis level, just as happened in London after sterling sentiment was turned round in 1976. It is because the domestic situation is potentially forbidding that the market is anticipating higher rates.

Here the catalogue is long and all too familiar—wage pressures, worries about concealed credit growth under the corset regime, worries about the borrowing requirement (intensified by the wage subsidy announced in the Queen's Speech) and worries about funding. In the first half of this year official monetary policy has been effective, but not effective enough to inspire the surge of confidence of the previous two years. The second half looks more difficult.

Helpful

In these circumstances an anticipatory rise in rates is a helpful development. In earlier years the Bank of England has tended to resist market movements which it did not itself initiate, leading to a series of stalemates resolved in the end by a crisis. This year the authorities are accepting the verdict of the market, without endorsing it, and that improves the chances of avoiding a crisis.

This new attitude, together with the low figure for foreign inflows in October, does at least as much as Ministerial statements to make official policy credible. The most encouraging sign of the City's mood is the fact that long term Government stock has remained relatively calm (and even rose slightly yesterday). If the authorities can manage funding as flexibly and responsively as they seem to be managing the money markets, monetary policy could be kept tight without convulsions—and rates, though rising, need not reach crisis levels.

Sig. Andreotti buys time

SIGNOR ANDREOTTI, the Italian Prime Minister, has once again shown proof of his political skills. Faced with a serious challenge to his pay policy by striking hospital workers, he promptly took the issue to Parliament earlier this week and secured the backing of the other main parties for his unyielding approach. In acting as he did, Signor Andreotti risked a showdown between his minority Christian Democratic Government and the parties on which it relies for Parliamentary support. But he was clearly right in his calculation that the other parties, and particularly the Communists, are in no mood for a new political crisis.

Two birds

The Prime Minister has thus killed two birds with one stone. He has secured Parliamentary backing, at least for the time being, for his efforts to introduce an incomes policy; and he has reminded the country of his government's capacity for survival. Whatever reservations the Communists may have about Signor Andreotti's approach to pay policy in general or the hospital workers in particular, they do not want to risk new elections now. If they are to achieve their aim of full participation in government, it can only be on the basis of fresh gains in a national election. Yet all the indications are that a poll held now would favour the Christian Democrats and the Socialists and that the Communists would see their position eroded.

All the same, Signor Andreotti has done little more than buy some extra time. The other parties and the trade union leadership have approved the general objectives of the Government's three-year recovery programme, of which wage restraint is a key element. But they have reserved their opinion on the details, and particularly the measures to be taken to create new jobs, above all in the south. The sensitivity of the issue was underlined by a massive demonstration in Rome as Parliament met this week. Signor Andreotti is committed to produce his final proposals by the end of the year, and it is far from certain that they will win universal approval.

The Communists are in a difficult position. Their Parliamentary collaboration with Signor Andreotti's Christian Democrats has cost them a good deal of their former support from the militant left. But if they break with the Christian Democrats, they risk losing the image of respectability that they have so carefully cultivated in their quest for power via the ballot box. The unions are deeply disenchanted with Parliament's backing for the Government's policies this week, and the Communists are keenly aware of their need to retain credibility with their traditional supporters. The moderate union leaders, who have also accepted the aim of wage restraint in exchange for jobs, face similar problems.

If, as is likely, the Government finds itself in confrontation with the unions in the coming months, the loyalties of the Communists will be severely strained. But Signor Andreotti is in no mood to compromise. To do so, he believes, would jeopardise his entire recovery programme, the aim of which is to bring the Italian economy more in line with those of the country's EEC partners by 1981. This must be a fundamental aim of government policy if Italy is to participate in the new European Monetary System, an intention that Signor Andreotti once again confirmed in principle in his talks with Herr Helmut Schmidt, the West German Chancellor, in Siena this week.

Reservations

It is by no means certain, however, that Italy will join the system as one of its founder members. Signor Andreotti has many reservations about the way it will work which are strikingly similar to those of the British Government. Both countries have been successful in restoring their balance of payments positions, but both have volatile currencies and inflation rates that are high by West German or Benelux standards. Both face a hard winter on the labour front. Like Mr. Callaghan, Signor Andreotti is likely to find his political skills once again severely tested in the months ahead.

If a Ford worker clocks on six minutes late . . .

BY CHRISTIAN TYLER, Labour Editor

A CARWORKER is clocking in at the start of his shift. He is six minutes late and tells the foreman that he got stuck in a traffic jam. There is an argument. A shop steward is told and the factory manager becomes involved. Word gets around and other workers start to complain that so-and-so is being unfairly penalised. A dispute begins.

Why a dispute? Because if the carworker had been a minute earlier and had been on time for the rest of the week, he would have collected a bonus payment of £3.48. Now he may lose it.

This is a hypothetical anecdote. But it is the kind of illustration that is being used by militants at Ford of Britain in an attempt to persuade mass meetings of the men today to throw out a pay and benefits offer worth 17 per cent and continue with a strike that has lasted for six weeks. Indeed, if the offer is accepted as it stands, the anecdote is plausible enough, as the table shows.

FORD'S ATTENDANCE PAY PLAN: THE CONDITIONS

AN EMPLOYEE QUALIFIES IN A WEEK IN WHICH HE HAS:—

- Annual vacation for which qualification by service has been earned.
- A Service Related Holiday.
- A paid public or company designated holiday.
- A day of lay-off where the employee is eligible for benefit payment under the lay-off scheme.
- Authorised paid leave of absence:—
  Bereavement leave.
  Jury service.
  Attendance at an approved training course for which payment is made.
  Attendance on public service duties.
- Been absent through sickness provided all the days of absence are fully covered by Ford Sickness Benefit Scheme payments.
- Been late, provided the frequency does not exceed one occasion of five minutes at the start of shift. (Where exceptional and unexpected circumstances affect large numbers of employees on a particular site, senior management on that site will give consideration to not applying a disqualification, e.g.: for a major traffic accident or dense fog).

AN EMPLOYEE WILL NOT QUALIFY FOR THE SUPPLEMENT IN A WEEK IN WHICH HE HAS BEEN:—

- On annual vacation for which qualification by service has not been earned.
- Involved in a strike or stoppage of work whether official or unofficial.
- Taken off pay either individually or as a member of a group.
- Suspended for disciplinary purposes.
- Absent without permission.
- Absent with permission, for example, on personal business or extended unpaid leave.
- Late on more than one occasion, or on one occasion in excess of five minutes
- Disqualified from payment for a public holiday.
- Laid-off where this results directly or indirectly from disruptive action within any of the company's plants or establishments.

- Payments will be Grade A—£3.20; Grade B—£3.48; Grade C—£3.64; Grade D—£3.76; Grade E—£4.00 payable weekly in arrears.
- The supplement will be paid as a flat weekly amount and will not be included in or counted as earnings for the calculation of overtime or shift payments, holiday pay, allowances, pensions, payments from the Lay-Off Fund or any other benefit or payment.

Source: Ford Employee Information Bulletin, October 31

Given that the Government has fixed a 5 per cent limit on wage settlements, but exempted productivity deals that pay for themselves, Ford's offer looks generous even when set against its £246m profit. But the unions have rejected it flatly, and will be telling the 57,000 strikers to do so as well in meetings today and Sunday. Although the negotiators say that the basic rate offer of 9.75 per cent—worth £9.12 to £12 a week in straight day wages—is not enough, the reasons for their rejection go much deeper.

The bulk of the extra money available in what Ford says is its final offer would be paid for good attendance. This extra money, just over 5 per cent of the total package, would be paid weekly, in arrears, to each employee who completed the full 40 hours of his five shifts.

The moment this attendance payments plan was put before the 53 union officials and plant conveners on the Ford national joint negotiating committee there were protests. What the company calls a simple incentive for normal working, the unions call a "strike penalty" plan. And unless the mass meetings overturn their negotiators, Ford could be plunged into a battle that has little or nothing to do with the incomes policy but a lot to do with the power of its shop stewards.

Ford has never liked paying its workers extra money for doing a job that they are already paid to do. While many companies have bowed to the exigencies of strict incomes policy and bought peace by means of productivity deals—real or phoney—Ford has consistently refused to do so.

Its corporate philosophy is that low productivity is raised not by incentive payments but by working for consensus. That is why it has encouraged the enormous expansion of the negotiating committee to include many more shop stewards and gave every one of its 23 plants a voice. That is why it argues that procedure agreements must be voluntary, not legally backed, and must be "owned" by the unions in the sense that they, as well as management, insist on their use.

No short cuts

That is why Ford's senior industrial relations men argue that everything — manning levels, transfers, promotions, overtime—must be contained in agreements, backed by good communications. Ford says that there is no short cut to higher productivity, and no escape from the power of the shop steward (which is why it does not believe in worker directors).

But now, as in 1969 (a year of many parallels for the company) it has taken the opportunity afforded by a tight incomes policy to try and buy continuity of production. What Ford is offering is not a productivity deal in the usual sense of the word since it does not talk about raising output targets, line-speeds, sales or profits. It merely talks about getting a full week's work out of every employee.

What it means, as every shop steward is well aware, is that it wants to stop the sudden walk-out and ensure that all grievances are fed into disputes machinery so that the line keeps running. It wants a wage agreement that would make the instant protest less attractive, and thereby blunt the power of the shop steward who instantly calls on his section to down tools.

According to the company, official strikes are not its problem. Its problem is unofficial disputes. This week it said that it had already lost 50,000 vehicles through unofficial disputes this year before the strike began on September 21. The six-week strike has so far cost it 72,000. Last year, small disputes and absenteeism together accounted for 4m lost man-hours.

Ford argues too that absenteeism and moonlighting are a growing problem, at its plants as well as in industry generally. There are suggestions that workers feel they can afford the odd day off: although it is unlikely that Ford or any British company suffers from Fiat's old complaint that workers who had migrated from the rural south of Italy found two days' work in Turin quite enough for their needs.

If Ford has these suspicions, then it is plain why its bonus is an all-or-nothing affair. One infringement, and the week's supplement is lost. By contrast Vauxhall Motors is offering its 26,000 workers a cumulative bonus payment. For each hour completed, a worker would get 3.2p, with a possible maximum of £1.28 for the week. In this kind of scheme, the "penalty" element is obviously much reduced.

Vauxhall's unions called this an attendance allowance, but the company says it has been "translated" into a uniform payment for performance, and is to be seen as the first stage of a productivity deal on top of a 5.5 per cent average wage offer. By contrast, Ford opened its negotiations back in September with a brief—almost throw-away—reference to a productivity offer. That has been "translated" into an attendance allowance.

Although the official line of the Ford unions is that no incentive scheme of this kind is acceptable—memories of the 1969 "penalty clause" strike being etched deep in their minds—one negotiator at least has shown an interest in the Vauxhall version suggesting that a system where "time credits" are built up over the week might be worth looking at if Ford refuses point blank to move further on the basic rate offer. Clearly the time-credit system would undermine the logic of Ford's plan and restore the balance of advantage to the worker who decided it was worth skipping the last shift of the week.

It would be misleading to suggest that the Ford plan is new. In Stage Three of the incomes policy at least three big employers, Perkins Engines, International Harvester and Thorn Lighting devised something similar. Their schemes were approved by the Department of Employment with the usual proviso that they would be subject to regular checking by the Department. This suggests that whatever decision the Government comes to about punishing Ford for so far exceeding the pay limit, it would not quarrel with that 5.12 per cent out of the 17 per cent which is attributable to the attendance plan.

Again, British Airways recently toyed with the idea of offering workers at Heathrow Airport a bonus for every Bank Holiday they didn't go on strike.

The year 1969 has already been mentioned. To understand why Ford's 1978 offer is so fiercely rejected—at least by the old hands on the negotiating committee—one need only recall that in March of that year the company was hit by a two-week strike, then described as the worst in its history, in which "penalty clauses" became the front-line issue.

As now, there was a Labour Government trying to operate a tight incomes policy in the face of severe industrial unrest and with a general election on the horizon. The bust-up between the trade unions and the Labour Government was a far more serious affair than the present disagreement about the 5 per cent limit, because in January of that year Mrs. Barbara Castle had published "In Place of Strife" with its proposal for legislation to curb unofficial strikes.

With a 3½ per cent ceiling in force, and productivity bargaining the order of the day, Ford proposed as an inducement to industrial discipline, a conditional holiday bonus and payment for lay-offs—but not if the lay-offs were due to industrial action anywhere inside the company.

The fierce reaction tide that greeted these ideas among the Ford unions contributed in part to the general tide of trade union opposition that eventually swept away Labour's attempt to legislate against unconstitutional strikes and introduce 28-day "cooling-off periods."

Ford had—like this year—opened the bidding with a 5 per cent offer, and settled at 10¼ per cent. It dropped its demand for a 21-day strike notice, but secured the no-strike conditions for part, though not all, of the holiday bonus.

To-day, the holiday bonus of £70 for every worker does not have to be accumulated by continuous working. It is paid once the service qualification has been met, but regardless of any stoppage in which the worker has been involved. In any case, Ford is proposing to scrap the holiday bonus this year and recalculate all holiday pay on the basis of individuals' earnings, at the rate of time and a third. This part of the offer is worth just under 2 per cent.

But the conditions attached to lay-off pay have rankled for years. Once again this year, the unions demanded that workers laid off because of disputes within the company as well outside it should qualify. That demand has again been rejected. Ford has said it will raise the lay-off fund to £4m and is "willing to continue discussions on ways of eliminating stoppages of work which it believes to be the best protection for employees against lay-off."

Size of the vote

It is possible that the unions may again end up with a compromise in which some of the teeth are taken out of the attendance plan but the underlying principle that Ford is seeking to establish is allowed to remain. That could depend on the size of the No vote if the whole offer is indeed rejected over the next few days.

The amount of bonus involved—between £3.20 and £4.00 a week—is not large compared to, say, the loss of two days' pay. But it is the difference between a 12 per cent pay rise or slightly less than last year's settlement, and a 1[illegible] per cent pay rise. Union officials say they have never known a strike so well supported for so long: they are convinced their members want a bigger basic rate increase and will reject the incentive scheme. On the other hand, the strike has been going on for a long time, Christmas is approaching, and many of the negotiators want a settlement soon. They will know after today's test of their leadership whether they can get one on their, not the company's, terms.

MEN AND MATTERS

Cutler calls in the axeman

Leslie Chapman, 59, the ex-civil servant who axed himself out of a career in the civil service with his attacks on government waste and inefficiency, has found a new ally in London Transport and its overlord, Horace Cutler, leader of the GLC.

Chapman earned the wrath of the civil service and the admiration of everyone else with his book Your Disobedient Servant. This proved welcome bedtime reading for Cutler, anxious as ever to cut out waste, especially at London Transport, internationally famous for having more general managers—1,742—than any other transport body on the planet.

Cutler kept the book by his side throughout May and finally descended on Chapman at his remote hill farm in Dyfed. He offered him almost any post he wanted at County Hall, but Chapman refused.

Chapman tells me Cutler badgered him for five weeks till he finally agreed to take a part-time job with the London Transport Executive. True to form, he is refusing the £1,000 pay cheque for his new job.

Chapman cheerfully admits knowing nothing about running tubes and buses, but his track record stands him in good stead. As regional director of the Government's Property Services Agency he showed how £3m a year could be saved in his department alone.

He would not say what he proposed to do with London Transport. "There is nothing more foolish or exasperating than a newcomer telling the world how he is going to change things," he told me.

The appointment is a central feature of London Transport's new management look. Instead of the present nine full-time directors and two part-time directors, five part-time members of the executive—among them Chapman — will serve alongside five full-time members.

French fancy

The 1760s saw the Confessions of Jean-Jacques Rousseau and now the 1970s have the Confessions of Denis Healey. "I'm not just a pretty face," he gives as his motto in the tome which contains his inner thought—a slim volume in which a number of characters including Lady Wilson and Twiggy tell their all to the impersonator, Mike Yarwood.

That the Chancellor hates "listening to bores" and likes "walking in mountains" and Beethoven is less surprising than his favourite colour. This, he says, is a distinctly non-Socialist blue. When I asked whether this was an indication of his future policies he replied that he liked the blue-bird and that the reason he had chosen it was because it signified happiness. Oxford Blue or Cambridge Blue? "Sky blue."

The book gives (mis-punctuated) his favourite quotation as being "Damn braces. Bless relaxes," from Blake's Proverbs of Hell. Healey explains that this has nothing to do with trousers but means that if one is damned it braces you. I asked how he felt about sharing his favourite animal, the tiger —for the choice of which financial psychologists would surely have something to say—with Sacha Distel. The answer was "It is not the first time I have admired his taste," apparently a reference to Bridgitte Bardot.

Moon message

Next week, wedged in between a hair-dressing competition and some Irish singers, the New Hope Festival is being held at the Royal Albert Hall. The Festival promises gospel singing and "an inspirational message for Britain." But Hall officials tell me "We are not too happy about the occasion." The reason? The festival is being mounted by followers of the Reverend Sun Myung Moon and his Unification Church.

Michael Marshall, the church's public affairs director, says the festival will also include dancing. He explains that King David danced before the Lord.

Marshall does not seem to believe that Tuesday's festival will have any shadow cast over it by the 447-page report just issued by a U.S. Congressional Committee which suggests that the Church is "in apparent violation" of a number of U.S. laws. Marshall insists that the committee has not produced any evidence to substantiate the allegations and says the Security Exchange Commission, the Federal Reserve Board, and the Inland Revenue Service have already investigated them.

The Reverend Moon, who left the U.S. at the time the Congressional Committee called on him to testify, will not be addressing Tuesday's meeting. He left Britain in September and is now "somewhere in the Orient."

Shirt-sleeves

It is unusual for an army officer to recommend that all his colleagues should have a quotation from Enoch Powell over their desks — and it is even more unusual for a Labour Minister to clear such a recommendation. But this has just happened, with the quotation being that leadership is "not cajoling with high-sounding phrases from a distance. Leadership is sharing."

It is a topical sentiment for the man whose appointment as Chief of General Staff was announced yesterday. Next July General Sir Edwin Bramall will take over from General Sir Roland Gibbs — but his present position as Vice Chief of the Defence Staff responsible for personnel and logistics means he has been dealing with several of the problems of the moment such as the forces' pay rises.

He apparently exhibited paintings at the Royal Academy while he was still at Eton, later serving in Malaya, Borneo and Hong Kong.

Despite the problems he had to deal with in such places he believes that the opportunities which made service life attractive such as "repeated foreign travel and overseas service in far away, exotic, attractive places, combined with various perks and subsidies are reduced or have gone, perhaps, for good."

This remark, like that on Enoch Powell, was made in a speech to the Soldiers', Sailors' and Airmen's Families Association. It was a speech which showed some skill in balancing conflicting interests—even if it criticises the "lapses" by British industry (in meeting defence contracts) and the "nasty and ominous clouds on the horizon, mostly dealing with the manning position . . ."

As for "leadership in so-called peacetime" the General calls for "a modern and unprejudiced approach" and whatever our rank, quite literally, as well as figuratively, getting our coats off and speaking up to get things moving." Which should keep the politicians on their toes.

In the stars

They should have known better, especially after the parade of liberated Mancunian womenfolk with banners protesting against yet another daily package of pin-ups. But Express Newspapers went ahead and decorated the town with posters announcing: "The Star is Born." It was a gift for the midnight graffiti artists. Commuters passing through Manchester's Piccadilly yesterday found that the "B" had been neatly amended to a "P."

Observer

Some undertones of the Queen's Speech

HAS President Carter come to Mr. Callaghan's rescue? The question arises because of one particular passage in the Prime Minister's remarks on the Queen's Speech in the House of Commons on Wednesday.

Mr. Callaghan was saying that he had been on the telephone to the American President that morning. There is nothing especially remarkable about that. It is the sort of thing that happens to Prime Ministers rather than (say) Leaders of the Opposition, and you cannot expect them not to show off about it. It adds that extra touch of statesmanship and gives the impression that the Prime Minister is living in the real world rather than in some parochial debating chamber.

Indeed the House of Commons was not much interested in what the two men had had to say. There had been a new package of measures to defend the dollar—the mobilisation of up to \$30bn in foreign currency support and a dramatic rise in interest rates. Even the foreign exchange markets seemed impressed. But for the House it was a case of waiting for the Prime Minister to return to the nitty gritty.

Yet there was something in Mr. Callaghan's tone that ought to have compelled attention. There can be no doubt that he takes seriously the plan for a European Monetary System, even if he believes that on present terms Britain cannot go in. There is, first of all, the danger of isolation if the system works without British participation. It is simply not going to be easy to win concessions from the European Community in other areas if Britain *has* refused to join one of its most ambitious projects. But nor will there be much room for *Schadenfreude* if the system fails. It will not be enough to say: "We told you so." For if EMS breaks down, a great deal else will break down with it. Another attempt at reducing currency turbulence will have come to nothing, and Mr. Callaghan is quite as interested in restoring some international monetary stability as Chancellor Schmidt, even if they disagree about the methods.

Less urgent

What then has President Carter done to help? In the first place, and provided the latest American package works, he has made the need for a decision on EMS less urgent. That is not to say that a European Monetary System will not go into effect as planned on January 1. Probably it will, and without full British participation. But it need no longer be seen as a panic measure in reaction to a falling dollar. Nor need EMS be seen any more as somehow anti-American, as would inevitably have been the case if the dollar had gone on tumbling as it did in the past few days. Indeed the very formation of EMS, with its suggestion of a European reserve currency, could have encouraged the dollar to fall still further.

From a purely British point of view, the argument for staying out now but going in later is thus strengthened. If the foreign exchange markets are to be relatively quiet, there is a case for seeing how the battle against domestic inflation develops while doing the best we can to keep in line with European exchange rates from outside the system.

But there is a second way in which President Carter may have inadvertently come to Mr. Callaghan's assistance. He has made the Prime Minister's call for international, rather than regional, monetary reform more repectable, and perhaps more realistic. It may be remembered that last March—when EMS had scarcely been heard of—Mr. Callaghan was embarking on a campaign of his own that would have involved a much wider context than Europe. His initial reaction to EMS, in fact, was so sceptical partly because he believed it would scupper his own embryonic plan and partly because he regarded it as hostile to the U.S.

Not the least significant aspect of the American action—again if it works—is that it has paved the way for talks on international *monetary reform* to begin. Mr. Callaghan made a point in his speech on Wednesday about the time for reform never being ripe. During times of currency turbulence it is impossible; yet when the markets go quiet all sense of urgency is lost. What one also understood him to be saying was that this lesson should now be learned. If there is to be a period of relative currency stability, it should be used to get on with reform so that the same old upheavals do not happen again. It is a theme on which one would expect to hear more, and if talks on international reform can get under way concurrently with the early stage of EMS, Mr. Callaghan may yet find he has made an important contribution. At the very least, it should take some of the heat out of the British EMS debate. This debate may have begun late, but by now it it becoming difficult to find people who talk of anything else.

*   *   *

For the rest, the contents of the Queen's Speeches under the present Government are pretty dull, though they do reveal a great deal about Mr. Callaghan's style. The Prime Minister remarked on the same occasion last year: "This speech is so old that it could have been written in the Book of Exodus." And it is impossible to argue that he was being unduly self-deprecatory. Whole passages of what he said last year were echoed again on Wednesday.

Yet there is a method behind the dullness which perhaps repays a closer look. Mr. Callaghan said last year that there was no likelihood of Parliament being short of work. "*Indeed*," *he went on*, "*there* seems enough work already not only for this session but also for a full and fruitful session in 1978-79." If you look at the small print, he was right. A Bill to improve safety and discipline at sea, another to establish new bodies to be responsible for professional standards in nursing and midwifery, something on parental choice in schools, and a measure to protect small depositors—all those were mentioned as possibles last time, but will now come before Parliament in the new session. *Going on like this*, the Government could last for ever without the slightest possibility of being defeated on a major issue.

No chance

It is the same this year. So many Bills were mentioned in the Queen's Speech that there is no chance of them all being enacted this session. In fact, on one of the most emotive and perhaps important issues of all—industrial democracy—the Government probably doesn't even want to try. The Bill will not be introduced until the spring at the earliest. Like the Devolution Bills in the last session, it will almost certainly—if the Government attempts to push it through—run into all sorts of problems in the Committee stage with cross-party alliances changing the original contents beyond recognition. It is better not to make the effort, particularly when the alternative is to keep industrial democracy for the election manifesto.

The method is to keep Parliament going with matters that are basically uncontentious and which sound good in principle. Mr. Callaghan did it again on Wednesday when he referred to a programme of "reform, social welfare and change, environmental protection and the quality of life." It is difficult to be against any of that, or indeed to regard it as particularly socialist. Meanwhile the Government goes on governing on all those matters which rarely require a Parliamentary vote.

Yet there is one area where the Callaghan philosophy comes through more actively, and that concerns intervention in industry. The borrowing limits of the National Enterprise Board and of the Scottish and Welsh Development Agencies are to be increased. There is also to be further intervention in the labour market through the scheme for state compensation for those workers on *short-time*. None of this represents anything more than an extension of existing practices, yet at the same time all of it shows Mr. Callaghan at his most characteristic. He does not believe in socialism in the *old* sense of state takeovers, but he does not believe in the market either.

Like industrial democracy, one would expect government support for industry to figure very prominently in the election manifesto when it comes. Thus, for all his attempts to blur other issues, it should not be possible to say that Mr. Callaghan has become indistinguishable from the Conservatives. There is enough for an election campaign in the different approaches to industry alone.

*   *   *

The trouble with Mrs. Thatcher is that there is more than one of her, and it is becoming very difficult to know which is the real one. One would have thought that the battle about incomes policy in the Shadow Cabinet had been more or less resolved at the party conference in Brighton less than a month ago. The broad line was laid down by Sir Keith Joseph when he said: "*We do not think that controls* on pay, prices and dividends, on balance, do good for the people of this country." Mr. Heath may have disagreed in public, but then he is not a member of the Shadow Cabinet. Mr. Prior may have demurred a bit in private, but not to the point of making a fight of it. The Shadow Cabinet as a whole indeed seemed unusually united.

Moreover, there was a general belief that the Party was under no obligation to go into specific details about its policies before the election. It was enough that the policies were broadly known and could be fleshed out later.

It was therefore surprising to find Mrs. Thatcher backtracking in her own response to the Queen's Speech on Wednesday. The Tories, she said, did believe in restraints other than the money supply after all. Of course, this is true and, in practice, the whole idea of having to choose between *monetary policy and incomes* policy is what the French call a *faux probleme*: it is a question of degree. Yet there was plenty in the Queen's Speech for Mrs. Thatcher to attack without having to fall back on trimming—either to placate Mr. Heath or the Prime Minister.

The Leader of the Opposition has done this before. She appeared to support the thinking on incomes policy outlined in "The Right Approach to the Economy." Then she appeared to move away from it to something close to free collective bargaining. Now she is moving back again. It has been much the same with immigration. Once she was for rigorous controls on entry. Now she is for a more humane approach to race relations. It would be a good *deal less* confusing if the real Mrs. Thatcher would now stand up.

Malcolm Rutherford

"The Queen's speeches under the present Government are pretty dull." How unlike those of "our own dear Queen." Queen Victoria on her way to the opening of Parliament in January, 1886.

Letters to the Editor

Free collective bargaining

From Lord Trenchard

Sir,—It is noteworthy that in all the discussion over whether an incomes policy is necessary or not, the alternative, namely the reform of our trades unions, collective bargaining and the law, receives scarce mention, yet it is because of our uniquely unbalanced position in these areas tht we are unable to practice free collective bargaining without serious inflation, while many other countries can do so.

Mr. Heath is right in believing that monetary control is not enough, but surely absolutely wrong in trying to perpetuate a four-year-old incomes policy which, together with its predecessors and 11 years of prices policy, is damaging the vigour and flexibility of the market economy can really save us in the long term. The Government, therefore, equally with Mr. Heath, is both right and fundamentally *wrong*. Both are trying to remove symptoms rather than curing the disease.

Mrs. Thtacher, besides emhpasising the supreme importance of monetary control, appeals for responsible trade union bargaining. The public clearly do not think that she will get it, and so they favour an incomes policy. They believe trades unions have too much power.

Most individuals believe that they deserve a bigger income, so that even responsible human beings or trade union leaders are likely to make their claims too large. Furthermore, with British trade union power sometimes in the hands of politically orien*tated militants it is,i n my view*, certain that more is neded if the return to free collective bargaining is to be successful. Militant trade union power in Britain is backed, among other things, by closed shop, by legal immunities particularly in relation to agreements, and by loosely regulated elections. These and other features are different in countries where free collective bargaining works better.

The trade unions did not like the suggestions (which were never tried) by Mrs. Castle, or the approach introduced by Lord Car. Can they not be asked to go and study the countries who make free collective bargaining work better than we do, and then to recommend their own reforms? Those trade unionists with a balanced view looking at the longer term must surely realise thta reform will come to them either through the dictatorship of the Left or in an eventually powerful public reaction tot he Right. One of these two results would seem inevitable as soon as our temporary oil-based wealth declines. Anarchy, it seems, is never more than transient. If the trade unions moved now and paralleled, though not copied, the German situation, for instance, their members could double their wages in a decade, as market forces and market incentives really get under way, and as management and workers started to put right our appalling productivity.

It si a step that would require enormous courage, enlightenment and leadership, but the whole country, and trade union members particularly, would be well rewarded over not too long a time span.

Trenchard,
Abdale House,
North Mymms,
Hatfield, Herts.

Changing jobs

From the Managing Director Godwins

Sir,—In his letter on transferring pensions (October 26), Mr. Shaw suggests how "the Government can simplify all this . . . leaving it to the actuaries of the two companies to work out a fair transfer value." As one such actuary, may I ask Mr. Shaw for a little more guidance?

As I understand his solution, the Government compels Company B to credit the transferring employee with whatever number of years service he has already rendered to Company A. He also suggests it is for the employee to judge any differences between the rules of the two pension schemes involved.

If, to take an example, Company A's scheme gives 1/60ths of final salary and Company B's scheme gives 1/80ths, or alternatively if the position is reversed, how can Government compulsion and employee judgment combine to yield a practical solution? Making the example more extreme, what happens if Company A has no scheme and Company B operates a scheme granting 1/60ths of final salary for each year's service? Does the Government compel Company B to give the transferring employee 8/60ths in its scheme? If so, how can a transfer value be agreed when Company A has neither an actuary nor a pension fund from which to make the transfer?

Perhaps the actuarial profession should be flattered by the confidence Mr. Shaw is prepared to place in it. Perhaps on the other hand the profession will perform a greater service if it educates the public to understand that there is no perfect solution to the problems of protecting pension rights for employees who change jobs.

Surely the most that should be attempted is to protect rights earned in a previous scheme to relate them as truly as possible to the employee's ultimate retiring salary but to recognise that the "rate" of benefit will reflect *the employee's history* through different employments and will not simply be the "rate" applying in his last employer's scheme at retirement.

Even attempting to meet this more limited objective has its problems. To the extent that these are caused by the general effects of inflation they will be significantly eased if withdrawal benefits are improved for those who leave service but as Mr. Shaw indicates such a benefit improvement costs money. Like other benefit improvements it will doubtless form the subject of ongoing negotiation between employers and employees.

To the extent that the problem is caused by a "one-off" increase in earnings at the time of changing jobs one can hardly look to an improvement of the withdrawal benefits by the "old" employer as a means of ensuring that the old rights keep pace with the new salary. The only other source of funds with which to bridge the gap is the new employer or the employee himself and doubtless this could be a matter of individual negotiation between the employee and his new employer.

The suggestion that "the Government can simplify all this" with compulsion is dangerously misleading. The application of compulsion in an area of voluntary provision which is subject to free collective bargaining would, in my view, reduce rather than increase the chances of finding a long-lasting solution.

D. J. D. McLeish.
Godwins, Fleet House,
Victoria Road, Farnborough.

Transferring pensions

From Mr. R. Marshall.

Sir, — Mr. Shaw (October 26) and Mr. Berman (October 30) pinpoint the problem of transfer values between pension schemes on change of employment, but they do not identify one of the main economic (uneconomic?) factors which causes transfer values to be lower than the amount required to buy the same number of years' service in the scheme the person is joining. This factor is the actual or anticipated negative real return on pension fund investments or, to be more precise, the fact that the rate of return on invested contributions can often be below the rate of increase in salaries. Your report on page 5 on October 30 indicates the average return on pension funds in the year to September 30, 1978 at 4.6 per cent compared with a price index of 7.8 per cent, a negative real return of 3.2 per cent. (In the same year, average earnings rose by 14.4 per cent, as shown by the trigger on the basic state pension.)

Negative returns inevitably cause funding deficits in most private pension schemes (despite the tax concessions available to this form of contractual savings).

It means that a member's past service is underfunded in relation to his current salary, whether he tries to transfer to another job or tries to rejoin his previous firm's pension scheme after leaving it. Though rules of schemes may differ, it is not the fault of the different actuaries that transfer values are currently so eroded: the fundamental cause of that erosion is inflation and the negative real returns which the contractual savings industry has often been prepared to accept. To account for the effects of inflation on returns would be to invite criticism from contributors. The current discussion of "a gilts strike" (refusal to fund the government's borrowing and purchase gilts, unless they show a prospect of a real return in the medium term) underlines this point.

The Treasury knows full well that inflation operates as a wealth or savings tax, and can be used to subsidise, among other things, the public sector's unlimited liabilities to pay indexed pensions and the earnings-related schemes, with full transfer values.

R. C. Marshall.
25, Daneswood Close, Weybridge, Surrey.

Politics in Pakistan

From the Minister (PR) Embassy of Pakistan

Sir,—Mr. Chris Sherwell, your Islamabad correspondent (October 31) presents a rather gloomy picture of Pakistan which facts do not justify.

Pakistan is, by and large, peaceful and the situation is normal. The attempt of the Pakistan People's Party activists to mount a public campaign in support of ex-premier Z. A. Bhutto on October 15 flopped dismally. Four acts of self-immolation, in a population of more than 70m are no indicators of popular support for him. If the masses were resentful of the present regime, as Mr. Sherwell would have his readers believe, they should have been out on the streets in Pakistan in hundreds of thousands as happened in the long hot summer of 1977 when the Bhutto regime rigged the polls and it was eventually toppled in the wake of a popular uprising.

President Mohammad Ziaul Haq has categorically declared that 1979 would be election year in Pakistan and that the country would go to the polls any time between March and October, 1979. The enumeration of voters to prepare the new electoral rolls is now in full swing. His pledge is to transfer power to the people's elected representatives after the general elections.

Pakistan's economy in 1978 has shown a definite improvement as compared with the depressing economic scenario in the first half of 1977. In the past fiscal year (July 1977 to June 1978), the GNP rose by 9 per cent; industrial and agricultural production showed a marked increase. If Pakistan is currently importing nearly 2m tons of wheat, it is also exporting surplus rice worth more than U.S.\$200m. Pakistan's private sector is responding positively to the present Government's incentives to establish more industrial units. Like many other developing countries and some industrially advanced ones, Pakistan does have balance of payments difficulties but they are not as grave and ominous as Mr. Sherwell imagines them to be. Foreign exchange remittances from overseas Pakistanis in excess of U.S.\$1.2bn a year provide a good cushion to the nation's economy and its monetary system. The Government has taken strong fiscal measures to keep inflation in check and it is certainly not as high as 15 per cent.

Mr. Sherwell's fear that the change of Government in Kabul would erode the loyalty of the Pathans and the Baluchis to Pakistan has no basis. Under the 1973 constitution, the smaller provinces, including Baluchistan and the North West Frontier Province, enjoy far more autonomy than devolution might offer to Scotland. The 1973 constitution has not been abrogated.

Qutubuddin Aziz.
Embassy of Pakistan,
35, Lowndes Square, SW1.

Productivity in coal

From the Chairman, National Coal Board

Sir,—The Leader of the Greater London Council (Oct. 31), expressed doubts about the trend of productivity in British mines.

The fact is that productivity at the coalface this year has been consistently higher than ever in the past (in 1974 or any other time). It is now running at 11 per cent above a year ago.

Productivity of all mineworkers is currently running at about the same level as in the previous peak year (1974/75). It is now about 5 per cent above a year ago.

The National Coal Board and the industry's trade unions agree on the need to continue to improve efficiency. There is no doubt that the incentive scheme adopted throughout the industry this year has reversed a downward trend in productivity.

There is also no doubt that overall performance would have been greater but for one significant fact. Since the Middle East oil crisis of 1973 we have been vigorously building a new British coal industry out of the old. As well as opening up new mines, we have a major programme of extending and reconstructing existing collieries — using, of course, some of our mining manpower, who would otherwise be available for productive coalface work.

Sir Derek Ezra.
National Coal Board,
Hobart House,
Grosvenor Place, SW1.

Roche plant in Scotland

From Mr. B. Turnbull.

Sir, — Sue Cameron attribute's Roche's decision to site its new plant in Scotland to protectionist policies in other European countries, such as France (Healthy demand for Vitamin C — October 17). This will not wash.

It is perfectly possible for a foreign group to set up a wholly owned company in most other European countries. Indeed, the growth in the pharmaceutical sector in France in recent years results essentially from the establishment and development of foreign-owned subsidiaries by Roche and others.

And all without the benefit of a £100,000 per job subsidy!

B. P. Turnbull.
42, Hameau des Tilleuls,
69230 Saint Genis Laval, France.

Today's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, meets an all-party committee of MPs to discuss the proposed European Monetary System.

Mass meeting of workers at most of the 23 plants of Ford Motor to vote on pay offer.

Mass meetings at 48 depots of British Oxygen's gases division to vote on pay offer.

Mass meeting at BL Longbridge plant to vote on pay offer.

Sir John Methven, director general, Confederation of British Industry, speaks at Cake and Biscuit Alliance annual luncheon, Savoy Hotel, London.

Mr. Roy Hattersley, Prices Secretary, is guest speaker at Labour Party dinner, Rotherham.

Mr. Agha Shahi, a senior Pakistani diplomat, in Paris for talks with French Government on sale to Pakistan of a nuclear reprocessing plant.

Second day of "Paris Club" members' meeting in Paris for talks on Peru's application for debt rescheduling.

Independence Day for Dominica—one of the five remaining British Associated States in the Caribbean.

Institute of Chartered Accountants Audit Committee's Conference, in association with the Institute of Directors, Royal Lancaster Hotel, London—speakers include Mr Philip Loomis, a Commissioner at the Securities and Exchange Commission, Washington, and Sir Brandon Rhys Williams, Conservative MP for Kensington.

London Chamber of Commerce and Industry taxation committee meets, 69, Cannon Street, E.C.4., 10.30 a.m.

Sir Peter Vanneck, Lord Mayor of London, presides at Mansion House Justice Room, EC.4, 10 a.m.

PARLIAMENTARY BUSINESS

House of Commons: Queen's speech debate—Education.

House of Lords: Queen's speech debate.

Select Committee: Meeting of General Sub-committee of Expenditure Committee. Subject: Proposed European Monetary System. Witnesses: Treasury. Room 8. 10.30 a.m.

COMPANY RESULTS

Final dividends: Berry Trust. Moss Engineering Group. Ulster Television. **Interim dividends:** Aquascutum and Associated Companies. Rush and Tomkins Group. Silhouette (London). View Forth Investment. B. S. and W. Whiteley. **Interim figures:** Barlows. Walker and Staff Holdings.

COMPANY MEETINGS

Adwest, Dorchester Hotel, W., 12. Meat Trade Suppliers, Winchester House, E.C., 12. Second City Properties, National Exhibition Centre, Birmingham, 11. Smith Bros., Institute of Chartered Accountants, E.C., 12.15.

COMPANY NEWS + COMMENT

Hoover third quarter profit drop—sales up

THIRD QUARTER pre-tax profits of Hoover fell from £940,000 to £325,000 to leave the nine months to September 30, 1978, total more than halved from £8.62m to £4.15m. The result includes exchange gains this time of £155,000 compared with losses of £508,000 last year.

Sales in the third quarter rose 19 per cent from £45.89m to £54.48m for a nine month total up 6 per cent from £141.11m to £149.58m.

Directors say trading conditions during the traditionally difficult summer months continued to be highly competitive. Sales levels improved towards the end of the third quarter but margins continued to be under pressure. As a result, profits remained depressed.

The third quarter sales increase was achieved in the face of keen competition in highly competitive markets. And while directors are hopeful of maintaining recent sales trends they say an immediate improvement in profit margins will be largely dependent on market conditions.

Included in the pre-tax profit is a £527,000 (£596,000) contribution from Hoover of Holland and its subsidiaries. After the tax charge of £1.94m (£4.72m) for the nine months—split as to UK tax £1.46m (£3.47m), overseas £260,000 (£950,000) and Holland £228,000 (£29?,000)—net profit was £2.2m (£3.?m).

Earnings per 25p share are shown at 11p against 20p. An unchanged 5.61p interim dividend has already been paid. For all last year a 14.8?p total was paid on pre-tax profits of £12.24m.

See Lex

Mr. Merle Rawson, chairman of Hoover.

HIGHLIGHTS

Lex looks at the situation leading to **Barclays Bank's** rise in its base rate yesterday. **George Wimpey** has produced a reconstruction scheme allowing it to raise its dividend sharply following Richard Costain's recent move. Lex also takes a look at **Hoover** where the third quarter figures show that it is continuing to face severe price competition from overseas producers. Elsewhere **Tern-Consulate** has come up with a hefty rights issue and an acquisition while **Findlay** gets ECI backing. On the results front **Electrocomponents** has maintained its growth record, while figures from **United City Merchants** and **Mallinson-Denny** look rather dull.

Mallinson Denny margins hit

EXTERNAL SALES of Mallinson-Denny, international timber merchant, rose sharply from £96.59m to £103.69m in the first half of 1978, but pre-tax profits were little changed at £4.76m against £4.65m in the same period last year.

Earnings per 25p share are shown at 4.17p compared with 4.3p. The interim dividend is maintained at 1.25p—last year's total was 2.7923p from record pre-tax profits of £9.07m.

The directors say that in the UK volume performance was very satisfactory with an apparent increase in market share, but prices were depressed and margins thin, especially in the softwood sector, for the first four months.

Thereafter there was a better trend, which is currently being maintained. Overseas results for the six months reflect difficult trading conditions in France and Australia, which show some signs of improvement.

	Half-year 1978 £000	1977 £000
External sales	103,697	96,585
Profit before tax	4,758	4,652
Tax	2,640	2,472
Net profit	2,118	2,180
Minorities	—	15
Preference dividend	47	61
Ordinary dividend	644	621

● comment

A modest 2 per cent rise in pre-tax profits is a satisfactory result at Mallinson-Denny, given a difficult first quarter this time and stock profits in the comparable period. More importantly, prospects for the second half look encouraging. Margins in softwood (Mallinson's bread and butter) seem to be hardening and the threat of Scandinavian devaluation which helped depress world prices last year, has disappeared. Moreover, noises from other producers suggest a continued increase in world prices. Volume has also picked up (particularly from the home improvement sector) but how long this will last remains doubtful. In any case the company says it has a wide customer base while sheet materials and hardwood are more stable. Elsewhere, the Far East has recovered after last year's expensive but accidental stock build up in Thailand, where the company distributes tractors. Meanwhile, the troubles in France and Australia are relatively minor and given the current optimism plus last year's disappointing second six months, analysts are forecasting full-year profits of £10.5m to £11m. At 50½p this puts the shares on a prospective p/e of 4.9, which is supported by an impressive yield of 9.3 per cent.

Factory closes

RANK HOVIS McDOUGALL is to close its packaging factory at Newcastle-upon-Tyne, making 72 workers redundant, because housewives are buying less flour.

MFI sales over 50% ahead

Sales at MFI Furniture Centres are running "in excess of 50 per cent ahead of last year" said the chairman, Mr. Arthur Southon, at the AGM yesterday.

He expected to report continuing good results at the interim stage enabling the company to appropriately increase distributions to shareholders.

Last night, Mr. Southon added that the rapid advance in sales was due to increased turnover in existing stores and the addition of new stores. Each factor accounted for about half the the improvement, he said. The existing stores had benefited from improved consumer spending in the last 12 months and bigger market share for self-assembly furniture.

Since the end of the year, four additional branches have been opened at Aylesbury, Aintree, Exeter and Sutton bringing the total to 60.

Six months rise at New Throgmorton

From gross revenue of £599,165 against £544,370, pre-tax earnings of the New Throgmorton Trust advanced from £457,369 to £506,893 for the six months to September 30, 1978.

Revenue included inter-company interest of £29,295 (£53,555), but the pre-tax result was after administration and interest charges amounting to £92,372 (£87,001).

Tax for the period takes £171,256 (£151,900) leaving net earnings ahead from £305,469 to £335,637, or from 0.781p to 0.858p per 25p share.

A maintained interim dividend of 0.45p net has already been paid, absorbing £176,107 (same)—for the previous year, payments totalled 1.54375p from £943,329 taxable revenue.

Henderson well ahead at midway

SALES OF the P. C. Henderson Group rose from £9.03m to £11.6m in the half year ended August 31, 1978, and pre-tax profits were almost 60 per cent higher at £718,000.

Tax takes £435,000 (£234,000) giving earnings per share of 7p against 4.4p. The interim dividend is lifted from 1.54p to 1.7p—last year's total was 4.355p from pre-tax profits of £1.48m.

The board states that the UK companies have done well and in particular there have been tangible benefits from the considerable reorganisation that has been made to the UK industrial door sales and fitting side. Results of the European subsidiaries were below expectations.

The group is currently experiencing an improved level of sales activity and higher utilisation of capacity, as has historically been the pattern in the second half, and this, if sustained, will improve net margins.

Meanwhile, the Continental subsidiaries are receiving close attention. The board expects better results from these companies in the second half which will also help to reduce the impact of tax on the group's full-year profits.

Fitzwilton forecasts increase

The directors of Fitzwilton expect to report profits for the current year in excess of those earned in 1977-78. Profitability is satisfactory and in excess of budget, they say.

The annual meeting was told yesterday that the expected profit increase should be set against the background of improved liquidity and a very strong balance sheet.

The board continues actively to search for and assess suitable investment opportunities for the group's available funds.

ISSUE NEWS

Tern-Consulate raising £434,000

Tern-Consulate, the shirt and tie manufacturer, has paid £211,000 to acquire Robert Charles International, a privately owned knitwear and ties merchandiser.

To meet the cost and to improve working capital, Tern plans to raise £434,000 through a one-for-two rights issue. The circular outlining details of the issue also contains the interim figures which shows a 7.2 per cent lift in sales to £2,032,013 and a 55 per cent jump in pre-tax profit to £102,168, compared with the first half of 1977.

Tern's chairman, Mr. Peter Barden, said yesterday that the strong improvement in first half profits was in part due to the growth in the ties and accessories activities. The new subsidiary will further expand group involvement in this field and, through the Italian's men's knitwear merchandising operation, help broaden the overall product range.

Commenting on the rights issue, Mr. Barden said the group's working capital requirements are increasing as a result of internal growth and the intended development of the Robert Charles business. "The directors feel that it would be inappropriate to continue to fund this expansion by borrowings and have accordingly decided to raise additional permanent capital," he said.

Subject to an increase in the authorised capital, the directors have decided to issue 700,000 new ordinary 25p shares at 62p payable in full on acceptance. The new shares will not rank for the much higher interim dividend of 1.75p a share but will rank for the forecast 1.85p final dividend.

The directors have agreed to take up 203,875 out of a total entitlement of 227,166 new ordinary shares and stockbrokers Capel-Cure Myers, have agreed to underwrite the remaining 496,125 shares for a fee of £8,254. Under the terms of an agreement with Industrial and Commercial Finance Corporation which gives it an option to subscribe, at par, for 180,000 ordinary shares, ICFC in entitled to subscribe for a further 80,000 shares at 62p each if the proposed rights issue is implemented.

Robert Charles, the new subsidiary, was incorporated seven years ago and its sales have grown from £132,000 in the first year of operations to £803,000 in 1978. Profit before tax has grown from £19,000 in 1975 to £72,000. The net tangible assets at June 30 totalled £147,000.

According to Mr. Barden, there will be no contribution from the new subsiriary in Tern's full year figures but, based on trading experience and current trends, it will make a significant contribution to the 1979 pre-tax profits.

In the first six months of this year, Tern earned a trading profit of £148,402 (£112,750 last year); interest charges totalled £44,234 (£46,988 previously) and the taxation provision was £13,057 (nil a year ago). The profit after tax £89,111 compared with £65,762 in the first half of 1977.

Equity Capital backs Andrew Findlay

Equity Capital for Industry is assisting Andrew R. Findlay, the Glasgow-based tool and hardware distribution group, to raise £800,000 to finance a planned expansion of its business.

Arrangements have been agreed in principle whereby ECI will underwrite a one-for-ten rights issue to shareholders of 600,000 8 per cent convertible cumulative redeemable preference shares of £1 each. ECI will also provide £200,000 by way of an 11½ per cent convertible loan. Both the issue and the loan carry the right of conversion into ordinary shares between 1982 and 1991, at a conversion price equivalent to 48p a share.

The arrangements are subject to shareholders' approval and a listing for the new preference shares. The directors and their families are expected to renounce their rights to the issue. ECI will take up this entitlement and after conversions it will obtain an eventual stake of at least 15 per cent.

It is ECI's first venture into the hardware distribution business and it has made the move via Findlay because, according to Mr. Alan Barrett, its managing director, it has been wanting an investment in Scotland. Findlay is expanding southwards and it has a good track record.

It does have some experience in the distribution industry through its investment in UBM Group, the Bristol-based builders' merchants, and it knows a little of Findlay through the investment in James Neill Holdings which is a Findlay supplier.

ECI and Findlay's advisers chose the convertible redeemable share route rather than an ordinary share issue because the terms were more attractive and it meant that the Findlay family maintained their control of the company.

Mr. Barrett pointed to the strong profit growth in the latest interim period. Figures released by Findlay yesterday show that sales rose from £5,617,000 to £6,564,000 while group profit before exceptional item and tax was up from £237,000 in the first half of 1977 to £276,000.

There was an exceptional item of £24,000 (£67,000 last year) giving profits before tax of £252,000 compared with £170,000 a year ago. Due to stock appreciation relief and first-year capital allowances no tax was paid on the latest first half figures. Last year the tax charge was £45,000. The interim dividend is 0.8107p (0.726p).

Confidence at A. Beckman

The strong cash position of A. Beckman, converter and merchant of textiles, coupled with its considerable expertise will enable it to overcome the adverse conditions which periodically affect the textile industry, says Mr. Samuel Beckman, the chairman, in his annual statement.

He states that the company has continued to expand its share of the market in its trading areas, but has not done so, nor intends to do so, at the expense of reasonable margins.

The company is not complacent and is continually seeking to extend its sources of processing to meet and anticipate the changes in fashion.

As reported on September 28, pre-tax profits fell from £1,973,907 to £1,825,288 for the year to June 30, 1978, on reduced turnover of £16.32m (£17.33m).

Net liquid funds increased by £375,700 at the year end, compared with a £500,433 decrease.

In accordance with SSAP 15, the directors consider that deferred tax provision should no longer be made where the clawback of stock appreciation relief becomes improbable. Accordingly an amount of £847,192 has been credited to profit and loss account as a prior year item.

Meeting, Westbury Hotel, W. November 27, noon.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Geo. M. Callender	int.	0.6	—	0.6	—	1.32
Davies and Newman	int.	2.72	Feb. 1	2.43	—	7.3
Electra Trust	int.	2	Jan. 31	1.5	—	5
Electrocomponents	int.	1.5	Jan. 6	*1.2	—	*2.53
A. R. Findlay	int.	0.81	Dec. 18	0.73	—	1.9
Guardian Inv.	int.	0.9	Dec. 15	0.75	—	2.7
P. C. Henderson	int.	1.7	Dec. 11	1.54	—	4.36
Mallinson-Denny	int.	1.25	Jan. 5	1.25	—	2.79
Save and Prosper Linked	int.	8.54	Dec. 1	5.64	—	10.8?
Sungei Bahru Rubber		1.48	Dec. 21	1.32	2	1.84
Utd. City Merchants		0.39	Jan. 3	*0.34	0.84	*0.7?
Wemyss Inv.		7.5	Jan. 6	6.75	12.5	10.7?

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

UCM well down in second half

AFTER AN £882,000 exceptional provision — mainly comprising overseas debts relating to previous years—taxable profit of United City Merchants dropped £1.5m to £434,000 in the second half of the June 30, 1978 year to leave the total for the year well down from £4.05m to £2.77m.

Sales of the international merchant, agent, banker and leather manufacturer were £148.45m compared with £165.46m, and before the exceptional items, trading profits were some 10 per cent lower at £3.73m (£4.18m).

At halfway, when profit was ahead from £2.12m to £2.34m, directors said the continued trading activity gave them confidence in the group's ability to maintain the improved position.

	1977-78 £	1976-77 £
Sales	148,449,000	165,457,000
Trading profit	3,730,000	4,182,000
Exceptl. provsns.	882,000	—
Interest on loans	127,000	127,000
Profit before tax	2,770,000	4,053,000
Tax	1,778,000	2,299,000
Net profit	1,032,000	1,761,900
General provision†	100,000	—
Transfer*	73,000	—
To minorities	77,000	85,000
Attributable	935,000	1,676,000
Ord. dividends	181,000	159,000
Pref. dividends	5,000	5,000
Retained	749,000	1,512,000

† For overseas contingencies. * From overseas contingencies reserve.

After tax of £1.74m (£2.29m) net profit was £1.03m against £1.76m and the final dividend of 0.359p takes the total from an adjusted 0.7488p net per 10p share to 0.839p. Directors say that but for Government constraints the dividend would have been higher. Some £175,000 is to be set aside in reserves to boost dividends when restrictions are lifted. A one for eight scrip issue is proposed. The ordinary dividends will cost £181,000 (£159,000).

Directors say that since the end of the financial year trading in all sectors has been active and the order book is very good. Prospects for the current year are favourable.

● comment

At the trading level sales and profits at United City Merchants are 10 per cent down. But the pre-tax profit figure is almost a third lower, thanks to an £0.9m provision, largely due to the bankruptcy of a major South African customer. Some of the debt may yet be recovered but the only likely consolation will be a smaller tax charge next year. Meanwhile the trading picture has been dimmed both by depressed timber prices and cheap shoe imports to the UK which together knocked about £0.6m off profits. The outlook for timber has since picked up but prospects for leather largely depend on Government action to stem competition from abroad—UCM finds demand for its leather from UK shoe manufacturers extremely low. The deficit from these activities has at least been partly offset by the group's engineering interests where volume and margins from motor components both improved. The order book here is currently healthy and the banking and finance side also provide a useful contribution. But it appears that the rapid growth of the previous two years (helped in part by currency movements) will be harder to repeat. At 57p the shares are on a p/e of just over 13 and yield an amply covered ... per cent.

Parker Knoll remain strong

Mr. M. H. Jourdan, chairman, Parker Knoll said at yesterday's AGM that the group's markets remained strong and that orders received so far were substantially higher in real terms than in the comparable period last year.

Business in the textile division was very buoyant, but output of the furniture division was lower than directors would have liked. Trading profits were running at a better level than last year. For the July 31, 1978 year pre-tax profit was £1.73m (£2.27m).

Midway jump at UK Property

PROFITS BEFORE tax of the United Kingdom Property Company rose sharply from £236,000 to £427,000 in the six months ended September 30, 1978. After a much reduced tax charge, net profits more than doubled from £150,000 to £395,000.

Less tax was payable than normally because of refunds due, the directors say. Earnings per share are shown at 0.94p against 0.36p.

Earnings in the second half of this year are expected to be at least equal to those in the first half, the directors say.

It is the board's policy to consider dividend declarations at the end of each financial year. Last year the group resumed dividends with a payment of 0.23p per share net.

On the property side, rents and service charges rose from £895,000 to £1.03m, while work has commenced on the 50,000 sq ft commercial and industrial development in Frith Street, London, and is progressing according to schedule.

The group is a subsidiary of Schlesinger European Investment.

	Six months 1978 £000	1977 £000	Year 1977-78 £000
Rents†	1,034	895	1,850
Eng. turnover	5,582	5,017	10,365
Profit before tax	427	236	841
Tax	32	86	149
Net profit	395	150	692
Extraord. debits	35	7	9
Profit balance	360	143	683
Dividend	—	—	138

† And service charges.

Electrocomponents profits jump 38.5% in first half

INCREASES OF 36.1 per cent in sales and 38.5 per cent in pre-tax profits are reported by Electrocomponents for the half year to September 30, 1978, and the directors are confident the year's results will continue to reflect satisfactory progress.

First half external sales amounted to £20.72m against £15.23m and profits were £4.51m compared with £3.26m before tax of £2.18m (£1.4m adjusted).

The interim dividend is effectively lifted from 1.2p to 1.5p. Last year's total was an equivalent 2.52579p after pre-tax profits of £7.6m.

The directors say the policy of widening product ranges in the distribution companies has continued without adversely affecting the quality of customer service and this has contributed to maintenance of steady growth.

Doram, the smallest subsidiary continues to give concern but Reading Windings now appears set on a profitable course, the directors say. Indications are that the newest subsidiary, Electospares will make a contribution to profit in its first full trading year.

● comment

Electrocomponents has maintained its fine growth record with an interim pre-tax figure, 38.5 per cent up on last year's. Trading continues to be buoyant and it looks as though the full year figure will be around £10.5m. The factors behinl the growth are a wider product range plus increased market penetration. Within the group, RS Components, the biggest subsidiary had a particularly good period; Radio Resistor moved ahead while it looks as though the recently formed Electrospares (which markets point-of-sale products in electrical and hardware stores) will make a profit in its first year. Doram Electronics, continues to disappoint and it is being widened to take in the industrial market in an attempt to boost performance. The shares dropped 10p to 273p yesterday giving a prospective p/e of 9.9 and a yield of 1.8 per cent assuming the dividend total is lifted by a quarter. There is a lot of growth left in the distribution industry and the shares, while currently relatively high, are worth watching.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Acquascutum, East Surrey Water, Property Partnerships, Rush and Tompkins, Silhouette (London), View Forth Investment Trust, Whiteley (B. S. and W.).

Finals—Perry Trust, Fundinvest, Kynoch (G. and G.), Moss Engineering, Ulster Television.

FUTURE DATES

Interims—	
Bright (John)	Nov. 6
Crown Shipley	Nov. 13
Control Securities	Nov. 14
Fortnum and Mason	Nov. 10
Hill Samuel	Nov. 8
Sainsbury (J.)	Nov. 8
Finals—	
Barlow Rand	Nov. -
CLRP Investment Trust	Nov. 7
GT Asia (Sterling) Fund	Nov. 8
LWT	Nov. 16
Rand Mines Properties	Nov. 6

Trusts' loans rearranged

Two companies in the Foreign and Colonial Group of investment trusts have announced rearrangements of their overseas borrowings. The Alliance Investment Company has arranged with Morgan Guaranty Trust Company of New York a new one-month loan of Y50m. Part of the proceeds have been used to repay the third instalment of the loan from F and C Govett NV, amounting to Fl 467,700. This loan was effected for such a short period in order to give the management more time to consider whether or not to rearrange the loan in Yen.

The Foreign and Colonial Investment Trust has arranged with Manufacturers Hanover Trust Company a new six-month loan of U.S.$2m and part of the proceeds will be used to repay the third instalment of the loan from F. and C. Govett NV. amounting to Fl 3,224,500. There is only one more instalment outstanding on this loan.

Callender down midterm

A DOWNTURN in taxable profits from £234,870 to £184,988 is reported by George M. Callender and Company, maker of bitumen damp-proof courses, for the first half of 1978, on higher turnover of £2.82m compared with £2.58m.

The directors say present indications are that the second half will show an improvement and that new products will begin to make their contribution to group profits.

Stated earnings fell from 1.7p to 1.4p per 10p share, and the interim dividend is maintained at 0.605p net—last year's final was 0.715p from £552,600 record pre-tax profits.

After a tax charge of £96,194 (£122,134) net profits for the period were down from £112,736 to £88,794.

Midway gain by Electra Trust

For the six months to September 30, 1978, earnings of Electra Investment Trust improved from £1.99m to £2.35m, subject to tax of £0.9m against £0.77m. Gross revenue gained £0.35m to £2.63m.

The interim dividend is lifted from 1.5p to 2p net per 25p share and the directors say they intend to recommend a final of at least 3.5p—the same as last year's, which was paid from £4.39m pre-tax revenue.

Net assets per share at the half year are given as 155½p (139½p at March 31, 1978).

Advance for Wemyss Inv.

After tax of £215,975 compared with £185,477 net revenue of Wemyss Investment Company advanced from £248,802 to £287,984 in the September 30, 1978, year.

Gross revenue for the period was £535,794 (£463,096) and at year-end net asset value per £1 share was 398p (374p). The final dividend of 7.5p takes the total from 10.75p to 12.5p.

READSON EXPANDS

Readson, which claims to be the largest textile company in the private sector, has acquired Hodgkinson and Gillibrand of Bolton, in order to extend its knitwear manufacturing potential.

Hodgkinson also controls knitted underwear manufacturer Firth and Wilson, at Scarborough, and Swallow Hosiery at Preston. Its trading profits for the year to March 31, 1978 were slightly over £300,000 and the net book value of its assets was £1.8m.

Davies and Newman looking for a better year

ALTHOUGH TURNOVER rose some £10m to £50.11m, Davies and Newman Holdings, shipbroker, ships agent and airline operator, incurred an increased pre-tax loss of £1.18m for the first six months of 1978, compared with £0.98m in last year's same period.

As in previous years, first-half group results show a loss, owing to the seasonal aspects of Dan-Air's operations.

The directors say based on results to date it seems likely that, in spite of some difficulty caused by the French air traffic controllers' "work to rule" and barring further unforeseen circumstances, the profit for the full year should be at a much more satisfactory level than in 1977, when a £0.8m taxable surplus was achieved.

Half-yearly loss was struck after higher depreciation of £1.74m ([illegible]) and interest [illegible] (£227,000). Aircraft leasing charges took £1.62m (£1.92m) and share of associates' losses, £29,000 (£22,000 profit), and the result included reduced investment income of £28,000 (£113,000).

The directors report that on the shipbroking side very low freight rates prevailed in the market but latterly there has been some improvement and this should produce a satisfactory results for the full year's trading.

Once again, Dan-Air's activities have increased. The higher depreciation charge reflects the introduction of additional aircraft and the benefit of these will be felt in the latter part of the year.

Employment for all the company's aircraft for the 1979 summer season has been satisfactorily arranged, they add.

After first half tax credits of £615,000 (£507,000) and minorities of £4,000 (£6,000), attributable loss for the period emerged at £572,000 against £475,000.

The interim dividend is stepped up from 2.43474p to 2.718525p net per 25p share—last year's final was 4.86882p.

Some optimism for W. A. Tyzack

The current year at W. A. Tyzack and Co., maker of precision engineering components, has started with good order books in most departments and Mr. D. S. Tyzack, the chairman, says he is reasonably confident of a satisfactory year.

In his annual statement, Mr. Tyzack points out that the company had a much better year in 1977-78, than he could possible have predicted a year ago.

As already known, for the year to July 31, turnover rose 27.5 per cent to £6.11m and pre-tax profits were up 25 per cent to £541,274, after a much better than expected recovery in the second half, following a midway downturn.

The result was achieved by a marked increase in output in those departments with a good order book, although in other sections, particularly agricultural components, it still remains well below normal working.

Profitability remains a crucial problem in both home and exports and new business is only being obtained at keen prices and lower margins, the chairman explains.

In 1977-78, direct exports increased from £1,535,200 to £1,860,005, split as to: Common Market 28 per cent (33 per cent), rest of Europe and Middle East 13 per cent (25 per cent), Far East 5 per cent (11 per cent), Americas 37 per cent (15 per cent), and balance 17 per cent (16 per cent).

Net capital expenditure during the year was £194,647, which included the purchase in August, 1977, of a factory site adjoining the company's branch factory, less the sale of its Herries Road site which was mainly used for storage.

Felixstowe Dock down at halftime

A fall in pre-tax profits from £852,900 to £583,600 is reported by Felixstowe Dock and Railway Company in the first half of 1978. Turnover for the period was £6.64m against £5.92m last time.

The result is after all charges and again there is no tax. Earnings per £1 share are shown at 16.71p compared with 24.42p, while the interim dividend is restored at 1p net. Last year a 1p final was paid on profits totalling £1.54m. The company is a subsidiary of European Ferries.

Merchant Investors upgrades pensions

A major up-grading of its pension contracts is announced by Merchant Investors Assurance, the linked life subsidiary of the Nationale-Nederlanden Group. These apply for the most part to both the Executive Pension Plan and the Personal Pension Plan.

The first improvement is that under both these plans investors have a wider choice of funds in which to invest—seven linked funds covering UK and International markets plus a guaranteed growth option. Then the minimum premium levels have been reduced to £150 per annum from £200 per annum on the PPP, and to £250 per annum from £500 per annum on the EPP.

The company has provided on both plans a 3½ per cent bonus on investment in those contracts where a minimum level of premium has been maintained—for the PPP it is £500 per annum and £1,000 per annum for EPP. Thus bonus applies to the guaranteed growth option as well as the unit linked plans.

Finally, there is a guaranteed insurability option on expiry of cover for both contracts and the open market option has been extended to PPP. It is already available to EPP.

The company reports a rapid expansion in the individual pension market this year with business more than doubled so far.

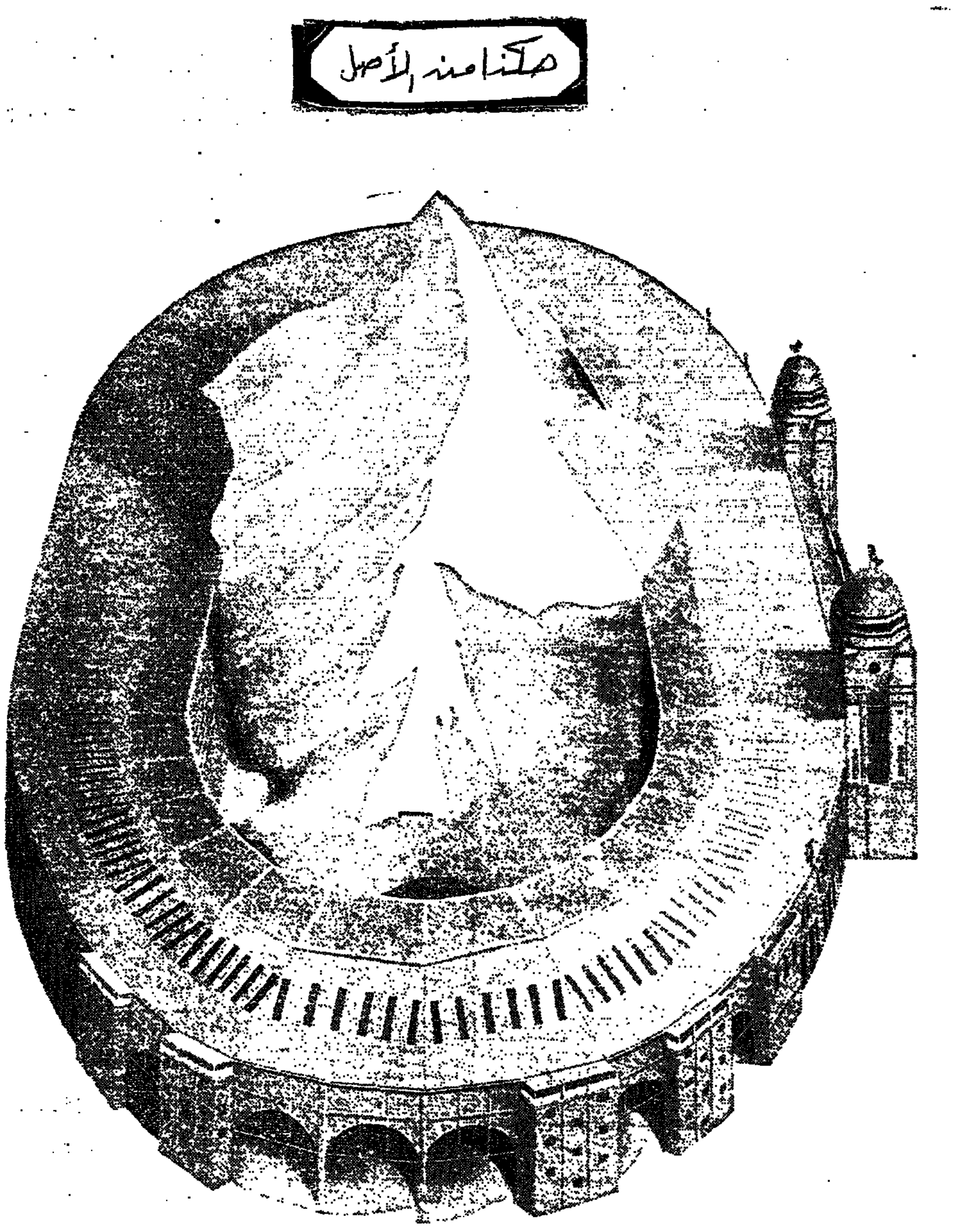
Increased spending cuts Sungei Bahru

After replanting and replacement expenditure up from £40,455 to £83,354 profit of Sungei Bahru Rubber Estates dipped from £70,762 to £56,840 in the June 30, 1978 year. Turnover was £765,081 against £686,459 last time.

The result is after tax of £72,285 (£83,550) and earnings per 10p share are shown at 2.19p compared with a 2.73p. The final dividend of 1.48p takes the total from 1.84p to 2p net.

BANK RETURN

—	Wednesday Nov. 1 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,654,721	+ 3,017,425
Special Deposits	1,062,240,000	—
Bankers	501,156,110	+ 114,940,661
Reserves & Other Accs	682,768,139	+ 60,623,201
	2,282,374,020	+ 178,581,287
ASSETS		
Govt. Securities	1,800,526,058	+ 275,986,000
Advances & Other Accs	205,129,893	— 94,532,276
Premises, Equip't & other Secs	168,487,872	+ 56,350
Notes	8,034,060	— 2,927,020
Coin	196,107	— 10,767
	2,282,374,020	+ 178,581,287
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,550,000,000	+ 25,000,000
In Circulation	8,541,965,940	+ 27,927,020
In Bank's Dept	8,034,060	— 2,927,020
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. secs	7,456,542,734	+ 49,778,266
Other Securities	1,082,442,166	— 24,778,266
	8,550,000,000	+ 25,000,000



austinsuite
FURNITURE

The 41st Annual General Meeting of F. Austin (Leyton) Ltd., was held on 2nd November, 1978 at the Company's Registered Office, London E.10.

The year under review was exceptionally difficult for the furniture trade. The low demand reported at the half-year was not relieved because the expected seasonal improvement of trade in the spring did not materialise. Against this background, prices were very severely curtailed to meet the prevailing very competitive conditions and to enable us to maintain full employment. This policy resulted in producing for stock and the cost of this is reflected in the increased financial charges shown in the accounts. Whilst turnover was maintained at the level of the previous year there was a substantial decrease in profit because of the factors referred to above.

The current year has started well and during the first quarter we have met our sales targets. Trading conditions have improved and we have a very satisfactory order book, and subject to any totally unforeseen circumstances, we look forward to much improved results.

Sanderson Murray & Elder
(Topmakers and Combers)

The trading environment throughout the year was not helpful, and the volume of sales contracts achieved in the previous year was not maintained. From December, the increase in the cost of wool at source was not reflected in EEC top prices and together with higher U.K. import levels of top as well as downstream products imposed unrealistic pressure on margins which resulted in less trading profit than last year.

Year ended 30th June	1978 £	1977 £
Turnover	4,632,000	4,746,000
Profit before Tax	148,793	209,587
Tax	32,936	30,876
Profit after Tax	115,857	178,711
Dividend 3.465p per share (1977—3.103p)	65,835	58,957

There is yet no indication of recovery from the current difficult trading conditions. It needs improved textile consumption here and overseas to re-establish an orderly balance with productive capacity and thereby relieve distressed prices.

BIDS AND DEALS

Wimpey reconstruction: big dividend rise

Following in the footsteps of two other major contractors, Marchwiel and Richard Costain, George Wimpey plans a complicated reconstruction which will win it two years freedom from dividend controls. With its new freedom Wimpey is more than trebling its dividend.

Under a proposed scheme of arrangement, which is expected to become effective early in 1979, Wimpey will ask shareholders to exchange their shares on a one-for-one basis in shares of a new holding company, George Wimpey Limited ("Holdings").

At the same time Wimpey intends to reorganise the internal corporate structure of the group so that the holdings company will directly own the capital of the group's principal subsidiaries, some of which will be newly formed as part of the proposed reorganisation. The Board of each subsidiary will be responsible for a section of the group's activities.

Mr. R. B. Smith, Wimpey's chairman, said yesterday that although the group's business fell within one class — construction —Wimpey was "now involved, at home and overseas, in a great variety of aspects of that business and it has become very clear that we need a much sharper definition of responsibility for profits, both by activities and geographically. At the highest level we also need a greater separation of the day to day management decisions from those of long term policy and planning for the group's development."

He stressed that the basic structure of the group had remained unchanged since 1934 when the main activity of the company was building and civil engineering on a modest scale under the direction of the proprietor and a small number of colleagues.

The Treasury has agreed to treat the proposed holding company as a new company with two years freedom from dividend controls. And for the first time Wimpey will now be declaring an interim dividend, which, in 1979 and future years, will be announced at the time of the interim statement and paid in November.

A special interim of 0.77p net is to be declared, payable on January 22, and, subject to the scheme becoming effective, shareholders in the new holding company will receive a special interim of 1.5p net payable in June.

As part of the reorganisation Wimpey announced a series of major Board changes. Mr. Duncan Wright, presently a managing director, becomes a deputy chairman, and Mr. Tom Candlish, Mr. Clifford Chetwood, Mr. Stuart Jardine and Mr. Philip Ward have been appointed managing directors with immediate effect.

Mr. Desmond Fitzgerald, 58, has resigned from his position as a managing director, but will remain a director of Wimpey until March 31 next. Wimpey said yesterday that Mr. Fitzgerald had retired from his position as managing director.

Commenting on current trading the group indicated that it was experiencing problems in Nigeria, although it was expected that a road contract would be finished there this year.

See Lex

ARGUS/TRIDANT

Argus Press Holdings, which recently bid for Tridant Group Printers, has received acceptances for its 100p a share offer amounting to 47.8 per cent of the Tridant equity.

Acceptances have been received from preference holders representing 65 per cent of those shares.

NO PROBE

The acquisition by Dr. Robert F. Beauchamp (Dental and Finance Equipment Incorporated) of a substantial minority holding in British Midland Airways is not being referred to the Monopolies and Mergers Commission.

BOOKER McCONNELL

Booker McConnell has acquired from Saltraco the entire capital of J. D. Jenkins for some £500,000 cash.

Jenkins has a turnover of £1.5m and it operates 13 retail pharmacies in London and South-East England.

ASSOCIATED DEALS

Montague L. Meyer is an associate of International Timber Corporation and on October 31 bought 25,000 International stock units at 130p. The total held is now 2,558,888.

Cazenove and Company has purchased 2,205 Dawson International "A" ordinary shares at 185p on behalf of associates of Dawson.

On November 1, Montague L. Meyer bought 250,000 International Timber Corporation stock units at 130p. The total held is now 2,808,888 Ordinary units.

Harris Allday Lea and Brooks purchased for Alfred Preedy and Sons 2,000 Midland Educational ordinary shares at 235p on October 31 and 7,466 at 241½p on November 1. Panmure Gordon bought 2,000 Midland for Preedy at 241p.

FIRST QUARTER PROFIT FOR WARWICK ENG.

In a letter to holders recommending the proposed merger with Gidney Securities, the Board of Warwick Engineering Investments say latest monthly management figures show that for the three month period to August 31, Warwick made a profit of £169,000 compared with a loss of £196,200 for the same period in 1977.

The Board now expects pre-tax profits of £600,000 for the year to March 31, 1979.

TDG BUYS COLD STORES

Transport Development Group has acquired as going concerns two public cold stores at Retford and Derby, the consideration being £1,325,000 in cash. The stores have a total capacity of 1,622,000 cubic feet and will be operated by Blyth Cold Stores, a wholly owned subsidiary of TDG.

AMALGAMATED STORES

AMALGAMATED STORES has paid £300,000 to acquire a 56¼ year underleasehold on a property in Yarmouth Place, London; it will pay £434,250 on December 1 for the freehold of a property in King's Road, Chelsea and it will receive £750,000 when the sale of its interest in a head leasehold of a property in Clifton Street is completed on January 3.

On completion of the Clifton Street sale, the £310,000 mortgage in favour of the Royal Liver Trustees will be discharged by the company and the remaining balance will be applied to reduce Amalgamated's borrowings.

Midland gives Grimshawe more support

BY CHRISTINE MOIR

Yet another financial reconstruction is planned for Grimshawe Holdings, the industrial holding and DIY group which first ran into trouble in 1973 through fringe banking activities.

Early last month Mr. Thomas Kenny, the chairman, alluded to conversations with Midland Bank which could provide a solution to the group's bank debt burden. The details emerged yesterday at the annual meeting.

They amount to further substantial support from Midland Bank which has been Grimshawe's main prop since an earlier capital reorganisation in 1976. This left Midland with a stake of nearly 30 per cent through a subordinated convertible loan which replaced £300,000 of bank loans to the group.

Now, the terms of the convertible loan are to be revised in Grimshawe's favour. Interest will now be negotiated annually in arrears "with safeguards for a maximum charge." Previously Grimshawe had to pay 1½ per cent over six month interbank rate.

The loan must now be repaid by the middle of 1984 and interim payments have been fixed at one-fifth of annual trading profits.

Even more importantly, the group's chief problem, the £263,000 worth of investments and loans has been hived off into a separate shell company. These represent the last remnants of the group's fringe banking days. The auditors have been unable to value because they are are subject to legal proceedings.

This company, Grimshawe Securities (which ceased trading in June) will also have injected into it, most of the group's freehold shops let to Berger paints (Berger, in turn, recently sold its interests in the shops to A. G. Stanley, the DIY group for £2¼m).

Mr. Kenny did not specify the value of the properties involved in the deal but total freehold properties stand in the books at £681,000.

Midland Bank has agreed to match the combined book value of the investments and loans and properties by an overdraft and will then put in a Receiver. It has also agreed to bear the first £¼m loss on the realisation of the assets, although Mr. Kenny said that it was not expected that losses will be anywhere near that.

For the parent company the arrangement has a dual benefit. It wipes out of the balance sheet the problem investment assets, and it reduces the group overdraft by the amount Midland is granting the shell company—apparently £765,000.

This, in turn, will have the effect of translating "a deficit of current liabilities over current assets at April 30, 1978, of £609,000 into a surplus of current assets over current liabilities of £156,000."

Mr. Kenny commented cautiously yesterday that such a surplus makes "the ongoing situation of the company more certain."

At the trading level, as reported in the annual accounts, the company has increased its profits to £29,000 from £23,000 the previous year.

This represents a substantial turnround from 1973 when losses peaked at £3.1m. For the current year Mr. Kenny has said that "profit" will be "a near certainty."

NEW YORK AND GARTMORE

Bricomin Investments has received acceptances totalling 2,482,890 Ordinary shares (88.674 per cent) of the offer and 96.036 per cent of the total capital of New York and Gartmore Investment Trust.

LONSDALE UNIVERSAL

As a result of the recommended offers by Alfred Preedy and Sons for the ordinary and preference capital of Midland Educational, the directors of Lonsdale Universal intend with the permission of the Panel on Takeovers and Mergers, to allow the proposed offers for Midland Educational to lapse when the offer by Preedy or any other higher offer by another bidder are posted.

H & C PURCHASE

Harrisons and Crosfield has agreed to buy Henderson Hogg and Company for £533,650, to be satisfied by the issue of 77,000 shares at £5.50 and £110,150 cash.

Henderson Hogg distributes and manufactures chemicals and also makes industrial textiles, from premises in Paisley. It will become part of Durham Chemical Group, a subsidiary of H and C.

NMC ACQUISITION

Finance and investment group NMC Investments has acquired the cardboard box and carton manufacturing business of Speedwell Packaging, which is in Receivership. NMC paid a total consideration of £62,211 cash, of which £12,211 was in respect of stock at valuation.

The products manufactured by Speedwell are expected to complement those of NMC's subsidiary, Propp Corrugated Cases and will give the group a broader base in the packaging industry.

MCLEOD RUSSEL ACQUISITION

McLeod Russel and Co. has acquired 50.8 per cent of Arthur Edge and Co. for £640,000 cash.

Edge is a private company with works at Cradley Heath and is a specialist producer of drop forgings. Pre-tax profits for the year ended March 31, 1978, amounted to £407,000, on which date shareholders' fund before deduction of a deferred tax of £379,69[illegible] amounted to £1,123,736.

The acquisition provides McLeod Russel with a useful extension of its manufacturing activities and increase its involvement in engineering.

TAYLOR PALLISTER

London and European Group has purchased a further 3,0[illegible] Taylor, Pallister shares making their total holding 189,950 shares representing 28.14 per cent of the ordinary share capital. LE acquired its initial stake of under 28 per cent in May.

RANDALLS GROUP

Ferguson Industrial Holdings has improved its stake in Randalls Group from 24.57 per cent to 25[illegible] per cent since the announcement last week of a £2.8m bid by Whitecroft for Randalls. Ferguson now holds 644,857 Randalls shares.

COOPER SELLS

Cooper Industries has sold its share holdings in its building and joinery subsidiaries Wetenhall Cooper and Hermes Joinery for a cash consideration of £850,0[illegible] which will be used to reduce its borrowings. Wetenhall and Hermes made a loss of £900 in the year ended April 30, 1978 and the book value of their net assets at that date amounted to £813,5[illegible]

SHARE STAKES

Young Companies Investment Trust:—Scottish Amicable Life Assurance Society together with its subsidiary, Scottish Amicable Pensions Investments, now hold a total of 1,798,750 ordinary shares (27.67 per cent).

Smith St. Aubyn & Co. (Holdings):—Mr. J. D. Mackinnon has sold 10,000 ordinary shares.

ANGLOVAAL
Chairman's review

Better S.A. Business Climate, but caution needed; foreign investment an important element - Mr. Basil E. Hersov

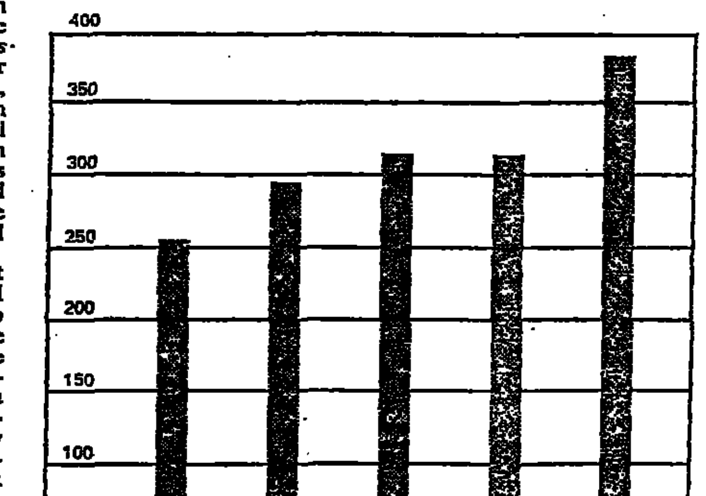
In reporting to shareholders on the Group's results in the past year, I feel it is again imperative to comment on the social, political and economic climate in which our Group is operating. The more confident mood concerning the present state of the South African economy which is currently being conveyed through the media needs tempering. Inevitably present attitudes tend to reflect the immediate past. Certainly the present business climate is more healthy than it was a year ago due in part to the very much higher price received for our gold. However, there will have to be a resumption of the traditional major foreign inflows of capital before we can expect the higher levels of increase in gross national product necessary to create sufficient employment opportunities for the increasing population.

Since the serious unrest in black townships in mid-1976, foreign capital inflows have reduced dramatically. In fact during last year there was a net outflow of capital and South Africa has had to live off its balance of payments current account and to look to its own savings for investment and economic growth. Thus, although we can, hopefully, expect some growth in the immediate future, it will not compare with the growth we would experience if we can attract new foreign capital into our country at a rate comparable to that of the past. The solution to this is of course as much political as economic in nature. This country has tremendous potential in the reserves of manpower and natural resources – however, this potential can only be released if there is a marked reversal of the trend towards confrontation at home and abroad.

In this context it is important to note recent statements by Government and business leaders which recognise the need for the elimination of racial discrimination in our society. If such statements are going to lead to more than merely pious hopes, urgent and major adjustments are necessary. Within our own Group, following a policy statement by the Board of Directors in June 1973, chief executives have been set objectives in the field of non-discriminatory employment policies and a programme for the attainment of a unified labour policy for all employees. These objectives embrace levels of remuneration, labour stability and motivation, training, effective communication systems, and increased involvement in employees' social problems outside the work environment.

Naturally such a programme involves changes, often considerable ones, in the way we structure our employment practices. We have found over the years that the implementation of a policy in a way and at a pace equitable to all employees, white and black, as well as to the needs of the individual organisations in our Group is far from easy. Nevertheless, substantial progress has been and will continue to be made as we are constantly monitoring progress against our objectives. The difficulties are of course not merely company or Group problems but national ones and must be dealt with on several fronts. It is certainly encouraging that important commissions under Prof. Wiehahn and Dr. Riekert are examining some vital elements of these problems and we look forward with keen anticipation to the results of their investigations and recommendations. It is not only through the restructuring of company personnel policies nationally and the improvement of educational and training facilities but also through the vital area of changes in legislation and negotiation with employee organisations that discriminatory economic barriers will be reduced.

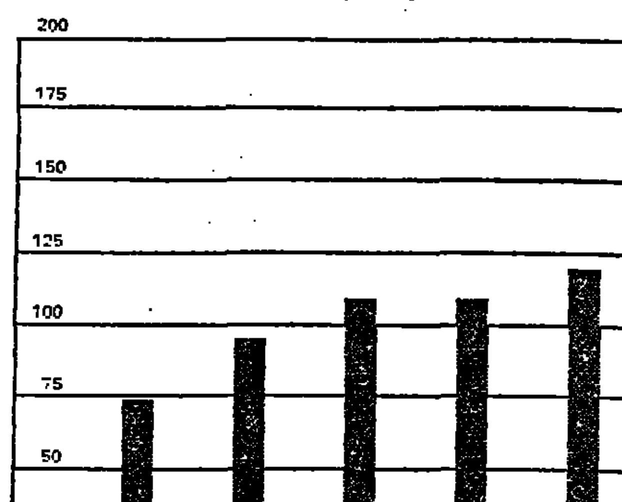
Net Earnings per Ordinary Share (cents)



Financial results

The consolidated taxed profit for the year ended 30 June 1978 attributable to members was R16 171 000 compared with R13 475 000 last year and net earnings per ordinary share increased by 20 per cent to 381 cents per share. The Company's own earnings were 204 cents per share, an increase of 13 per cent over last year and the ordinary dividend was increased by 10 per cent from 105 cents to 115 cents per share. As at 30 June 1978 the net asset value per ordinary share was 3 772 cents per share (1977 – 3 241 cents per share).

Dividends per Ordinary Share (cents)



	Company 1978	Company 1977	Consolidated 1978	Consolidated 1977
Profit after taxation	R9 107 000	R8 109 000	R33 101 000	R27 077 00[illegible]
Dividends paid	R5 259 000	R4 837 000	R5 171 000	R4 768 00[illegible]
Earnings per ordinary share*	204 cents	181 cents	381 cents	318 cents
Dividends per ordinary share	115 cents	105 cents	115 cents	105 cents
Investments Listed:				
Book value	R37 644 000	R35 011 000	R40 542 000	R37 900 00[illegible]
Market value	R92 232 000	R76 328 000	R112 795 000	R92 972 00[illegible]
Unlisted:				
Book value	R12 905 000	R12 730 000	R20 670 000	R20 768 00[illegible]

*Note: Earnings per share exclude the results of mining subsidiaries and extraordinary items

The increased earnings this year were mainly attributable to higher dividend income from the Group's mining investments and to the improved results of certain of the industrial companies, in particular Irvin & Johnson Limited and Consolidated Glass Works Limited.

Investments

During the year under review there was an increase in the market value of the listed shares in the Company's portfolio which at the year end was worth R92 232 000 compared with R76 328 000 at the end of the previous financial year. The book value of the listed shares was R37 644 000 and the book value of unlisted investments R12 905 000. As at 5 October 1978 the market value of listed investments had risen to R104 670 000.

Future prospects

Financial results in the current year ending 30 June 1979 so far indicate improvements in most Group companies. Consequently, subject to the usual provisos on the uncertainties of world metal and mineral prices and no serious deterioration in the South African business climate, the Group's profits this year will again increase.

6 October 1978.

Basil Hersov

Extracts from the Directors' report

Financial

The Company earned a profit after taxation of R9 107 000 compared with R8 109 000 for the 1977 financial year. Consolidated profit after taxation attributable to members increased by R2 696 000 to R16 171 000 despite the difficult trading conditions which were encountered in most sectors of the economy in which the Group companies operate. The Company's interest in the profits of its mining subsidiary, Prieska Copper Mines (Proprietary) Limited, is not included in the consolidation.

The profit after taxation attributable to members was earned from the following classes of business:

	Consolidated 1978 %	Consolidated 1977 %
Gold and uranium	30	21
Other minerals and metals	18	25
Food and packaging	26	23
Building and allied industries	2	2
Engineering	9	15
Other industrial interests	14	12
Financial	1	2

Investments

During the year the Company and Middle Witwatersrand (Western Areas) Limited subscribed for a further 3 117 094 6% loan notes of 50 cents each at par in Prieska Copper Mines (Proprietary) Limited. Anglo-Transvaal Industries Limited acquired a 51 per cent holding in Tristel Holdings (Proprietary) Limited and disposed of its holding in Decorative Boards (Proprietary) Limited. James Brown and Hamer Limited disposed of its holding in Broderick Investments Limited.

Mining Investments

Middle Witwatersrand (Western Areas) Limited
Mining exploration, finance and investment company

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	4 900	3 966
Profit after taxation	3 894	2 921
Earnings per share		
– including profit on realisation of investments	38,9 cents	28,9 cents
– excluding profit on realisation of investments	36,2 cents	27,5 cents
Dividend per share	25,0 cents	22,5 cents

Increased dividends from gold mining investments accounted for most of the increase in profits. As at 6 September 1978 the market value of listed investments had risen to R59 026 000 against R52 624 000 at 30 June 1978.

Hartebeestfontein Gold Mining Company Limited
Gold and uranium producer

	Year ended 30 June 1978 R000	1977 R000
Turnover	161 074	111 893
Profit after taxation	43 614	23 140
Earnings per share	283 cents	138 cents
Dividend per share	250 cents	135 cents

Principally because of higher prices received for gold sold, after tax profit increased from R23 000 000 in 1977 to R44 000 000 in 1978 and dividends totalled 250 cents per share compared with 135 cents per share paid in the previous year. Uranium plant capacity is being increased by about 20 per cent in order to treat accumulated slimes and production should commence within two years. Construction work on the 140 000 ton per month sulphuric acid plant is well advanced and the plant is expected to be operational in 1979, some nine months ahead of schedule. Capital expenditure for the current year will be at a high level, but could be partly financed by uranium consumer loans arising from additional sales contracts being negotiated. Results for the 1979 financial year depend on the gold price, the rate of inflation and the mine's ability to contain costs and increase productivity.

Zandpan Gold Mining Company Limited
Investment company

	Year ended 30 June 1978 R000	1977 R000
Turnover	5 555	2 993
Profit (no tax payable)	5 442	2 845
Earnings per share	41,5 cents	21,85 cents
Dividend per share	41,5 cents	22 cents

The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company, Limited, remained unchanged. Dividends received from Hartebeestfontein during the financial year were at a higher rate enabling payments totalling 41,5 cents (1977 – 22 cents) per share to be made to members.

Loraine Gold Mines Limited
Gold producer

	9 months to 30 June 1978 (unaudited) R000	Year ended 30 Sept. 1977 R000
Turnover	29 617	31 986
Profit (no tax payable)	2 250	2 561
Earnings per share	12,2 cents	0,3 cents

Grade declined from 6,7 grams per ton in the 1977 financial year to an average of 5,8 grams per ton for the 9 months to June 1978 and tonnage milled was lower than had been expected. Costs per ton milled for the 9 months to June 1978 were R32,80 compared with R26,70 for the corresponding period in 1977. The company's long-term objective remains the gradual transference of operations from the Elsburg reefs which have a limited life, to the Basal and 'B' reefs.

Eastern Transvaal Consolidated Mines Limited
Gold mining, farming and forestry company

	Year ended 30 June 1978 R000	1977 R000
Turnover	11 174	8 024
Profit after taxation	3 047	1 694
Earnings per share	35 cents	25 cents
Dividend per share	35 cents	25 cents

Increased prices for gold sold by the mine resulted in a pretax profit of R4 670 000, the highest earned in the company's history. Dividends totalling 35 cents (1977 – 25 cents) per share were paid.

Village Main Reef Gold Mining Company (1934) Limited
Gold producer

	Year ended 30 June 1978 R000	1977 R000
Turnover	2 872	733
Profit after tax (loss)	620	(575)
Earnings per share	10,2 cents	—

The net profit of R620 000 resulted from a considerable increase in the amount of gold produced sold at higher prices. Approximately 216 000 tons of calcines were treated at an average head value of 3,7 grams per ton and an average recovery of 72 per cent. 575 kilograms of gold were produced and sold (1977 – 200 kilograms) at an average gold price of R4 950 per kilogram (U.S.$177 per ounce). At the current rate the treatment of the calcines available to the company will be completed during the second half of 1979. The economic feasibility of treating two sand dumps situated some three kilometres from the reduction works is being re-assessed.

Rand Leases (Vogelstruisfontein) Gold Mining Company Limited
Gold mine (dormant)

The company continues to hold its mining title and various rights to precious metals, but there is still no likelihood of it resuming mining operations on its own account despite recent increases in the gold price.

Prieska Copper Mines (Proprietary) Limited
Producer of copper, zinc and pyrite concentrates

	Year ended 30 June 1978 R000	1977 R000
Turnover	51 718	61 372
Profit (no tax payable)	5 987	13 667

The predicted low level of metal prices throughout the year was partially offset by an outstanding production performance by the mine. A record 3 062 000 tons of ore were milled during the year and zinc and copper concentrate production benefited accordingly. Nevertheless, the operating profit of R7 260 000 was just under half that of the previous year. Interest, loan repayments and capital expenditure absorbed all of this and the injection of further funds by way of an additional Note issue was necessary to preserve the company's liquidity. Although the company now has a relatively sound liquid position, internal cash resources may well be insufficient to meet anticipated capital expenditure of R7 000 000 and loan repayments of R5 700 000 during the current financial year unless there is a marked increase in zinc and copper metal prices.

The Associated Manganese Mines of South Africa Limited
Producer of manganese and iron ores and manganese and chrome alloys

From consolidated financial statements	6 months to 30 June 1978 (unaudited) R000	Year ended 31 December 1977 R000
Turnover	55 501	83 170
Profit after taxation	12 293	18 436
Earnings per share	118 cents	315 cents
Dividend per share	30 cents	105 cents

مكتبة الأصل

MINING NEWS

Another lively meeting for Western Mining

BY KENNETH MARSTON, MINING EDITOR

HAREHOLDERS OF Australia's Western Mining Corporation esterday approved changes to he company's articles of associa- on which restrict the rights of hareholders and increase the ontrol of the chairman over eetings. The changes are rgely aimed at restricting the bility of protestors to disrupt eetings.

Last year, anti-uranium and nvironmental demonstrators ragged the annual meeting out ver six hours. Western Mining's nnual meeting in Sydney yester- ay again turned into a five-hour arathon. It was constantly dis- upted by the jangling of coins nd interjections from anti- ranium protestors. At one age a scuffle broke out, reports ames Forth from Sydney.

When the resolutions on the ticle changes were put a repre- ntative of the Australian Share- olders' Association attempted to move an amendment that they pply for an interim basis of ree years. However, the chair- an, Sir Arvi Parbo, ruled the SA's proxies out of order ecause the required 21 days' otice had not been given.

Sir Arvi made encouraging marks about several aspects of estern Mining's activities, ferring to the Roxby Downs opper-uranium prospect in South ustralia—now called Olympic am—he said that drilling con- nued to yield excellent results d to add to the extent of the ineralisation. "It is apparent at a major mining and proces- ng operation will be established this area in due course.

"It is also apparent that the etailed exploration and proving ork, and the design and plan- ng of the operation will be a ery considerable task. Discus- ons are taking place with a umber of interested companies garding their possible partici- ation in this project," he added.

Sir Arvi also said that the test drill hole on the Benambra pper-silver-lead-zinc prospect in rth-eastern Victoria had already tersected nine metres of ineralisation assaying 7.4 per nt copper, 12 per cent zinc, 2 per cent lead and 36 grammes silver per tonne. Further ineralisation had been encoun- red for which no assays were t available.

Turning to the outlook for 1978-79, Sir Arvi said that sales of nickel in the current half-year were likely to be higher than in the same previous period although the prices would be appreciably lower. There would also be a further effective price reduction because of the "artificially high" parity of the Australian dollar to the U.S. dollar, with the result that profits from nickel would remain depressed during the first half. Sales were expected to exceed production however, leading to some reduction in stocks.

Earnings from aluminium were likely to be about the same while income from gold would be higher than a year ago. Overall, the result for the first half was expected to be similar to that for the same period of last year.

Attacking the exchange rate of the Australian dollar Sir Arvi pointed out that the Canadian dollar had fallen by 18 per cent against the U.S. dollar since November 1976 while the Australian dollar had risen by 16 per cent.

He said the relative competitiveness of Australian nickel producers had therefore been reduced by about 34 per cent.

Meanwhile it is reported from Melbourne that Western Mining's agreement with the Western Australian Government for the future development of the Yeelirrie uranium deposit provides for a royalty on uranium oxide production at the rate of 3.5 per cent of realised F.O.B. value of product.

Uranium oxide production is expected to begin by end-1984 at a 2,500 tonnes' annual rate. The project will be developed with Western Mining holding 75 per cent of the equity, Esso Exploration and Production Australia 15 per cent and Urangesellschaft 10 per cent, subject to government approvals. Western Mining shares rose 3p to 136p yesterday.

BH SOUTH HAS ITS ACCOUNTS QUALIFIED

The auditors to Australia's BH South, Messrs. Coopers and Lybrand, have qualified the company's accounts for the year ended June 30 over BH South's valuation of certain assets.

The auditors said that BH South treated its wholly owned Queensland Phosphate unit in the accounts on a going concern basis despite the fact that phosphate rock production ceased on June 30 as a result of losses.

They said continued use of this accounting basis, and the value of certain assets, assumed that economic production will be resumed at some future time, which is uncertain.

PRICES ADVANCE AFTER TARA'S SHARE SALE

Share prices for the Northgate Exploration group of companies all advanced strongly yesterday in the aftermath of the announcement that Tara Exploration is disposing of its 21.8 per cent holding in Northgate to the Patrick Joseph Hughes Family Trust.

Mr. Hughes is president of Northgate. He is on the Board of Tara and also of Anglo United Development, another company in the group. At the same time he is president of Westfield Minerals, the fourth company in the group.

Northgate shares climbed 55p to 385p, while those of Tara rose 37p to 862p. Anglo and Westfield shares rose 10p to 218p and 124p respectively.

Although part of the rise was attributed to the advance of the investment dollar premium, there was also Canadian buying prompted by the re-shuffle of the shares.

The Hughes Trust is paying Tara C$8.75 each for 1m shares in Northgate and has a three years' option to purchase 501,714 shares, the balance of the 21.8 per cent stake, for C$8.50 each. Yesterday's closing price for Northgate in London was at a premium of 13p to the Trust's purchase price.

The motives for the transaction were not disclosed and are not immediately apparent, but they could be linked to the parlous financial condition of Tara Exploration, whose Irish zinc mine came on stream just in time for the downturn in the market. Its loan commitments have been restructured recently. The sale of its Northgate stake would give its cash holdings a boost.

Anglo-Vaal on upward path

PROFITS at Anglo-Transvaal Consolidated Investment, the South African mining, industrial and finance house are expected to increase again this year, says Mr. Basil Hersov, the chairman, in his annual statement published today.

Financial results for the group companies so far in the year to next June "indicate improvements," he states. In the year to last June Anglo-Vaal had a consolidated net profit of R16.17m (£9.28m), up from R13.47m the year before.

The predictions are made on the basis that there will be no serious deterioration in the South African business climate, on which subject Mr. Hersov argues that present optimism needs tempering. There will have to be major inflows of foreign capital before the gross national product increases to create sufficient employment opportunities, he says.

The annual report shows that Anglo-Vaal, in the last financial year made 30 per cent of its net income from gold and uranium, and 18 per cent from other metals and minerals. The balance came *from the diversified South African industrial interests.*

Yesterday the shares were 700p.

ROUND-UP

Berjuntai says that its applications for the renewal of four mining leases covering some 4,000 acres have been rejected by the Selangor State Government. These leases have been since awarded to Malaysia's Kumpulang Perangsang Selangor with the condition that Berjuntai be given the first priority in any sub-lease.

It is added that in the meantime Perangsang has agreed to allow Berjuntai's mining operations at the leases to continue and discussions are being held to enable Perangsang to participate indirectly in Berjuntai.

* * *

Sherritt Gordon Mines, the Canadian metals producer, earned a net profit of C$3.5m (£1.44m) in the quarter to September, compared with a loss of C$1.2m in the same period of 1977. Over the first nine months of the year, earnings were C$9.5m against C$4.1m in the first three-quarters last year.

* * *

Patino's offer of C$20.125 a share for its own stock, launched on the Montreal and Toronto stock exchanges last month, has been extended to November 17 because of the disruptive effects of the recent Canadian postal strike. As part of a move to go private, Patino is seeking to buy up the 15 per cent stake of its own stock not already held by itself or its affiliates.

Inco cuts into spending plans

CAPITAL EXPENDITURE at Inco, the world's largest nickel producer, will be seriously reduced next year, Mr. Ian McDougall, the senior vice-president, told financial analysts in Toronto yesterday.

Last year the group spent $433m (£214.35m) and the amount is expected to be about half of that this year, he said.

The reductions are an inevitable reflection of the deteriorating financial position at the group, which has been hit by poor markets while carrying a very heavy inventory. In the third quarter net profits were down to $9m (£4.45m) from $21.6m in the same period of last year and the quarterly dividend was halved to 10 cents.

Mr. Edwin Carter, the president, said that for October there was a loss of 15m lbs of finished nickel production because of the Sudbury strike which started in mid-September.

Even without the strike, however, new nickel supply in the non-Communist world would this year be some 100m lbs below estimated demand. This is the first time such a situation has existed since 1974.

But prices deteriorated in the second and third quarters, Mr. Carter said, and the outlook remained uncertain. Next year he expects worldwide demand to be "in the same order of magnitude as in the current year."

PROFITS RECOVER AT MATTAGAMI

Larger sales volume and higher prices have brought a recovery in earnings at Mattagami Lake Mines, the Quebec zinc producer in the Noranda Mines group, reports Robert Gibbens from Montreal.

Third-quarter earnings were C$6.9m (£2.93m), or 52 cents a share, compared with C$3.2m, or 32 cents a share, in the same period of 1977.

What the company called its "very large" inventory of zinc in both concentrate and metal form at the start of the year has been reduced to "normal," and this has helped significantly the cash position.

Extracts from the Directors' report (continued)

Reduced demand in 1977 arising from the depressed state of the overseas steel industries resulted in shipments of manganese ore being somewhat lower than in the previous year while those of iron ore were substantially lower. The programme of expanding the ferro-alloy production capabilities of the company's subsidiary, FERALLOYS LIMITED, was successfully completed but because of weak ferro-alloy demand and adequate stocks, production from some of the smaller furnaces was temporarily suspended. As a result of these factors the company's operating profit was R17 942 000 compared to R18 637 000 in 1976 while at Feralloys the operating profit dropped to R4 100 000 in 1977 from R11 049 000 in 1976.

Capital expenditure to expand the company's iron ore production capabilities and to establish new and larger manganese mines as replacements for two smaller mines whose reserves are nearly depleted amounted to R8 812 000 (1976 – R4 268 000). At Feralloys R9 875 000 (1976 – R10 246 000) was spent on completing the expansion programme initiated some two years ago. Capital expenditure during 1978 on the company's mines and at Feralloys is estimated at R8 000 000.

Consolidated Murchison Limited
Producer of antimony concentrates

	6 months to 30 June 1978 (unaudited) R000	Year ended 31 December 1977 R000
Turnover	5 032	17 778
Profit after taxation (loss)	(740)	3 245
Earnings per share	—	30 cents
Dividend per share	—	30 cents

Consumer demand for antimony concentrates decreased sharply during the second half of 1977 with the result that sales for 1977 dropped to 16 343 tons compared to 23 693 tons in 1976. Working profit for the year ended 31 December 1977 was R3 592 000 (1976 – R11 976 000) and capital expenditure R2 003 000 (1976 – R2 142 000). The results for the first half of 1978 were adversely affected by reduced sales, aggravated by delayed shipments due to the temporary closure of the Antimony Products (Proprietary) Limited's oxide plant.

Anglo-Transvaal Collieries Limited
Investment company

	Year ended 30 June 1978 R000	1977 R000
Turnover	832	326
Profit after taxation	791	225
Earnings per share	47,6 cents	12,2 cents
Dividend per share	43 cents	12 cents

Higher dividends received from the company's investment in Witbank Colliery Limited caused income to rise from R326 000 in 1977 to R832 000 in 1978. Profit after tax amounted to R791 000 (1977 – R225 000) and dividends of 43 cents (1977 – 12 cents) per ordinary share were paid. A scheme modifying the rights attaching to preference shares and converting the 6% cumulative preference shares to participating cumulative preference shares was ratified by the required majority of ordinary and preference shareholders. Further litigation is pending in this connection.

Industrial investments

Anglo-Transvaal Industries Limited
Industrial investment and finance company

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	431 736	441 632
Profit after taxation	22 002	17 623
Earnings per share	87 cents	70 cents
Dividend per share	20 cents	19 cents

Intense competition was encountered by most of the Group's industrial companies in their fields of activity. Despite these conditions, the consolidated pretax profit increased by R5 033 000 to R33 572 000. This improvement stems from the fact that management took the opportunity whilst the economy was operating at lower levels to reassess the efficiencies of their companies and to streamline their organisations to deal more effectively with the reduced markets and lower volumes of available work. In the present climate it is expected that there will be a further improvement in profitability during the current year.

South Atlantic Corporation Limited
Industrial investment company

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	250 137	261 994
Profit after taxation	9 168	7 505
Earnings per share	44 cents	33 cents
Dividend per share	16 cents	16 cents

The past year has been one of mixed fortunes for the companies in the South Atlantic Corporation group, with gains outweighing profit reductions. Although this group of companies continues to face many problems, it is in a stronger financial position than ever before. The activities of the group's subsidiaries, Irvin & Johnson Limited, T. W. Beckett and Company Limited, Globe Engineering Works Limited, Concentra Limited and Food Corporation (Proprietary) Limited, are reviewed below.

Irvin & Johnson Limited
Food processors and distributors

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	156 511	142 970
Profit after taxation	4 448	1 745
Earnings per share	15 cents	5 cents
Dividend per share	7 cents	2.5 cents

Fish catches and volume sales were at approximately the same level as the previous year. However, as a result of better realisations and cost containment, the taxed profit increased by 155 per cent to R4 448 000. The ordinary dividend was increased to 7 cents per share (1977 – 2.5 cents per share). Since the end of the financial year, the beneficial effects of the extension of the exclusive fishing zone, effective from 1 November 1977, have started to show, but the proportion of small fish in the improved catches still gives some cause for concern. The processing of frozen vegetables and pastry products has been consolidated in the Springs factories and although results were adversely affected by poor crop yields, further measures have been taken to ensure adequate contract plantings for the immediate future.

T. W. Beckett and Company Limited
Packers and distributors of tea and coffee

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	54 209	48 394
Profit after taxation	2 227	2 642
Earnings per share	37 cents	44 cents
Dividend per share	15 cents	14 cents

A difficult year was experienced by all the major packers of tea and coffee in South Africa and whereas in recent years raw material price increases were encountered, the past year has shown both upward and downward fluctuations. The continuing high prices both for tea and coffee have resulted in a drop in total consumption and in such circumstances the reduction in profit was unavoidable.

Concentra Limited
Producers of white fishmeal

Better realisations on the company's sale of fishmeal both locally and in the export market resulted in an improved profit after taxation to R323 000 (1977 – R290 000).

Food Corporation (Proprietary) Limited
Manufacturers and distributors of foodstuffs

The completion of the move of all manufacturing operations to the Wadeville factory has brought about higher efficiencies and plant utilisation so that a modest profit before taxation of R138 000 was achieved, compared with an approximate break-even for the eight month period from the date of South Atlantic Corporation's acquisition of this investment to 30 June 1977. Various new food products were introduced during the year and these have contributed towards the better results, even though the launch of new brands is costly. Improved results are expected in the coming year.

Globe Engineering Works Limited
Marine, electrical and general engineering

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Profit after taxation	1 904	3 002
Earnings per share	48 cents	60 cents
Dividend per share	20 cents	20 cents
Bonus dividend	5 cents	—

Results for the current year are not comparable with those of the previous year as the latter includes the profit of Broderick Investments Limited, which was disposed of during the year, as well as an exceptional profit earned on a long-term demolition and salvage contract. All group companies experienced difficult trading conditions with ship repair being particularly hard hit primarily due to the very depressed international shipping conditions currently prevailing. No shipbuilding orders were received by JAMES BROWN & HAMER LIMITED, and ship repair profit declined. The industrial division, however, operated satisfactorily with the machine shop increasing its profit contribution materially. SHIPWRIGHTS and ENGINEERS HOLDINGS, LIMITED had to contend with low volumes of work and depressed profit margins. Some relief, however, was obtained from improved opportunities in the mining sector in the north western Cape and South West Africa. Conditions in the ship repair industry are not expected to improve in the short-term and the group will be more dependent than in the past on industrial developments to provide opportunities for improving profit.

Consolidated Glass Works Limited
Manufacturers of glass and plastic containers and allied products

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	70 800	70 900
Profit after taxation	5 312	4 122
Earnings per share	86 cents	66 cents
Dividend per share	27 cents	24 cents

The depressed economy contributed to a further decline in sales volumes but with a favourable sales mix and higher selling prices, turnover was maintained. Further gains in productivity, cost containment and substantial interest savings contributed to the improvement in profit. Whilst there are as yet no indications of an improvement in demand, it is anticipated that the past year's profit performance will at least be maintained.

National Bolts Limited
Manufacturers of industrial fasteners

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	30 716	31 387
Profit after taxation	1 656	1 140
Earnings per share	34 cents	25 cents
Dividend per share	14 cents	10 cents

Demand for standard fasteners improved somewhat during the year but the continued restrictions on public sector expenditure further reduced sales of non-standard fasteners and group turnover declined marginally. The completion of the production centralisation programme at Boksburg together with further labour complement reductions resulted in substantial cost savings and an improved profit. The full benefit of rationalised manufacture will be realised during the current year and, under present conditions, an improvement in profit is expected.

Steelmetals Limited
Engineering suppliers and contractors

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	26 700	32 203
Profit after taxation	1 014	1 525
Earnings per share	48 cents	72 cents
Dividend per share	17.5 cents	27.5 cents

With an improved demand towards the end of the year, marketing divisions in both the capital and non-capital goods sectors increased turnover and profit contribution above the levels of the previous year. This higher profit was, however, more than offset by a loss incurred by the tubes contracting division. This was caused by factors beyond the division's control. A deferred contract should be closed in the current year, and contracting operations should again become profitable. Whilst marketing activities have shown a welcome upturn over the past few months, they remain highly sensitive to general economic conditions.

Claude Neon Lights (S.A.) Limited
Manufacturers and lessors of advertising signs

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Profit after taxation	996	614
Earnings per share	17,2 cents	10,5 cents
Dividend per share	6 cents	5 cents

Competition from commercial television and the restrictive interpretation of legislation governing sign sites resulted in a further decline in the sale of new signs, and in order to counter the adverse effects thereof, sales effort was concentrated on the renewal of existing signs nearing expiry. The success of this action together with a substantial saving in interest charges resulting from the reduced level of borrowings, were the major factors accounting for the 62 per cent increase in taxed profit. As a result of the decline in the value of sign rental contracts profit in the new year is expected to be at a lower level.

Denver Metal Works (Proprietary) Limited
Producers of non-ferrous castings, extrusion and stampings

The ongoing depressed conditions in the building and engineering sectors again reduced offtake of brass and copper products. Demand for bronze products, supplied mainly to the mining industry and to export customers, remained firm. With the overall reduction in throughput and continued cost escalations, consolidated taxed profit *declined from R1 027 000 in 1977 to R679 000 in 1978.*

E. I. Rogoff Limited
Indent sales agents and distributors

A change in the basis of accounting for commission revenue had the effect of reducing pretax profit by R63 000. After providing for taxation in the profitable subsidiary companies a consolidated taxed loss of R95 000 (1977 – R123 000) was recorded. Indent revenues were lower as a result of the reduced level of textile imports but the toy division operated profitably. The company has lost a number of major agencies following decisions by those principals to open their own sales offices. This will have an adverse effect on results and the expected return to an acceptable level of profitability is unlikely in the short term.

South African Fine Worsteds (Proprietary) Limited
Manufacturers of fine quality worsted cloth

A continuation of aggressive marketing coupled with higher plant efficiencies and higher output resulted in an increase in the after tax profit to R1 137 000 (1977 – R1 093 000). Demand for the company's products is still taking up its full production capacity and plans are being made for further expansion in the next few years. Profit improvement is therefore expected to continue.

Tristel Holdings (Proprietary) Limited
Steel merchants

A 51 per cent interest in this company was acquired in October 1977 and the taxed profit was R414 000. The company operates in both the local and export markets and also offers a range of services in the cutting and profiling of steel to customers' requirements. It has increased its share of the local and overseas markets and both turnover and profit improved markedly during the past year. A further increase in profit is expected in the new year, but in the absence of a strong recovery in the economy growth is likely to be less rapid than in the past.

Combine Cargo Limited
Clearing, forwarding, ships' agency and travel group

Although the principal operations of the company reflected a satisfactory growth pattern, its consolidated results were affected by the results of the travel subsidiary, and a consolidated loss of R59 000 for the year ended 30 June 1978 was recorded. The company now has operational outlets at all the major ports and cities in South Africa and is represented internationally. With a gradual but positive penetration of its market a consolidated profit is expected during the current year.

Anglo-Alpha Cement Limited
Cement, stone and lime producer

From consolidated financial statements	Year ended 30 June 1978 R000	1977 R000
Turnover	116 226	132 106
Profit after taxation	5 585	7 336
Earnings per share	18.6 cents	24.4 cents
Dividend per share	13 cents	13 cents

The demand for the group's products remained weak, the main reason for operating profits falling below last year's level. The decline in consolidated turnover was also affected by the group reducing its interest in Parem Enterprises (Proprietary) Limited from 72 per cent to 50 per cent with effect from 1 July 1977. The results of that company have, therefore, not been consolidated for the period under review. Local demand for cement decreased by 6 per cent but total cement sales increased due to exports. Export revenue, however, yields only marginal returns. Profitability in the cement division improved towards the end of the period following an increase in the controlled selling price of cement. Group profits were adversely affected by poor results in certain of the Hippo Holdings operations which are being restructured and should show improved performances. Any improvement in demand from the building industry is expected to be gradual with demand continuing at a low level at least until the end of the year.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

REGISTERED OFFICE:
ANGLOVAAL HOUSE,
56 MAIN STREET, JOHANNESBURG

LONDON SECRETARIES:
ANGLO-TRANSVAAL TRUSTEES LIMITED,
295 REGENT STREET, LONDON WIR 8ST

The Annual General Meeting of the Company will be held at 09h30 on 24 November, 1978 at the registered office of the Company.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

SEC sets new guidelines on company forecasting

BY DAVID LASCELLES

NEW YORK, Nov. 2.

AFTER YEARS of deliberation, the Securities and Exchange Commission yesterday adopted guidelines aimed at encouraging companies to make forecasts of their performance, while at the same time protecting them from any comeback if these forecasts do not work out.

Full details are expected to be published early next week but the broad outlines are clear. The basic point is that the guidelines are voluntary, and companies remain free to abstain from publishing their forecasts if they want to. This represents a retreat from an earlier SEC position which would have compelled companies to file official forecasts with the Commission. But this proposal was strongly resisted.

Those companies that do produce forecasts, whether general or specific, would be expected to cover both anticipated revenues and profitability since revenue projections by themselves might, the SEC believes, prove misleading to investors. Forecasts should therefore include revenue, net income and earnings per share.

The guidelines also ask companies to explain the assumptions that underlie the forecasts, including any major anticipated developments such as the introduction of a new product.

But in order to protect companies from any comeback if their predictions prove to be wide of the mark, the SEC proposes a so-called "safe harbour rule" which says that predictions made in good faith and on a reasonable basis "shall be deemed not to be an untrue statement of a material fact."

The only sanction behind the guidelines is that companies who make forecasts that do not adhere to them would risk losing protection under the safe harbour rule. In this way, the SEC hopes to make the guidelines stick.

The adoption of the guidelines follows many years of discussion both within the SEC and outside it. The final outcome is based largely on proposals put forward in the spring of 1976.

IC expects increase in earnings next year

ZURICH, Nov. 2.

IC INDUSTRIES, the diversified industrial group, expects group sales to climb to around $3.5bn next year from some $2.3bn this year, Mr. William Johnson, the chairman, said.

He told analysis here that this would reflect the expansion of the company through its acquisition of food concern Pet Incorporated earlier this year.

The higher sales would also lead to an increase in earnings, Mr. Johnson said, giving no specific forecast.

Last year, IC turned in a pre-tax result of $119m on sales of $1.9bn.

The sale of IC Industries' railroad operations to the Southern Railway should be agreed by the end of this year, he added.

IC Industries will apply for a Swiss stock exchange listing as soon as it can demonstrate eligibility through sufficient holdings of its equity in Switzerland, he added. Reuter

GATX sells Lasalle

GATX CORPORATION has reached agreement with Algemene Bank Nederland for the sale to ABN of GATX's 84 per cent interest in Lasalle National Bank of Chicago. The agreement is subject to U.S. Government approval, Reuter reports from Chicago.

Fleming hopeful

A substantial LIFO inventory charge and a strike adversely affected Fleming, the food wholesalers, in the third quarter, Reuter reports from Oklahoma City. Earnings declined to $2.61m from $3.08m whereas sales improved to $515.3m from $467.4m.

Honeywell optimistic

Honeywell's fourth-quarter prospects look very good, with the trend of its third-quarter and nine-month results expected to continue through 1978, according to Mr. Edson W. Spencer, chairman, Reuter reports from Chicago.

CBS forecasts record

CBS Incorporated will surpass 1977's record profits this year, according to the company's president, Mr. John D. Backs. Mr. Backe said that the year's results would go beyond the 1977 net income of $182m or $6.50 a share on sales of $2.78bn.

IBM affected by inflation and production expenses

SANTA TERESA, Nov. 2.

EARNINGS OF International Business Machines over the short term are being affected by substantial production build-up costs and worldwide inflation, Mr. Frank Cary, the chairman, told analysts.

Outright purchases of data processing equipment continued high but, as expected, the strong increase rate of 1977 had not continued.

"Thus, period-to-period earnings comparisons are not as strong as they were in 1977," he explained.

Mr. Cary said that IBM's capital spending this year was expected to exceed last year's $3.4bn.

Last month, the group announced an 18 per cent rise in third quarter earnings to $816m. Its total 1977 earnings were $2.7bn on sales of $18.1bn.

IBM expected strong demand for its newest products and was spending over $1bn annually on research and development, he said.

Commenting on IBM's legal situation, Mr. Cary said that regardless of who won the anti-trust suit filed against the company by the U.S. Justice Department, "the losing side will undoubtedly appeal."

The Government had failed to prove its contention that IBM has monopolised the data processing market, he said.

The company increased its total employment by more than 12,000 people during the first nine months, he said.

It has increased its investment in manufacturing tools and equipment worldwide, raised its manufacturing capacity in eight locations, and also begun construction of two new plants.

"The costs and expenses associated with this build-up are incurred in advance of shipments of new products and revenue flowing from them. This plus continuing worldwide inflation affects our earnings over the short-term," Mr. Cary said. Agencies

Railroads optimistic on outlook

HOUSTON, Nov.

MR. WILLIAM S. COOK, dent of Union Pacific, ex 1978 earnings to continue a 15 per cent average an growth rate of the past se years.

The company's earnings share from 1971 to 1977 creased at an average of 1 cent a year. In 1977 ear per primary share were $4.

Mr. Cook said Union P is confident it will continu steady growth well into even if the economic gr rate slows to 3 per cent or

Mr. Cook said Union Pa capital budget for 1979 will bably be above $600m com with $590m expected for year.

Southern Railway's quarter will be "as good as 7.6 per cent earnings gain third quarter, Mr. Stanley its president said today.

At first the railroad had jected a tapering off of quarter revenues and profi it has been surprised by October railcar loadings, have carried over into Nove

Mr. Crane noted loadings up 7 per cent in the third in October.

Crane said October stronger than expected be of catch-up business from four-day strike by railway airline clerks in Septembe

He argued the rail request for an 8.1 per cent increase was necessary to the cost of the three-year cent pay rise granted to railway unions and expect be accepted by the other unions.

Mr. Crane said that expenditure in 1979 would and probably exceed the $263m budget in 1978.

Air Canada upturn in third quarter

By Robert Gibbens

MONTREAL, Nov. 2.

AIR CANADA earned C$26.7m (U.S.$31m) in the third quarter against C$22.4m in the year earlier on a revenue of C$358m against C$339m. Nine months' earnings were C$50.6m against C$29.9m on revenue of C$1.01bn against C$909m.

Meanwhile Canada's second largest steel producer Dominion Foundries and Steel of Hamilton earned C$23.6m (US$27.4m) or C$1.34 a share in the third quarter against C$16.3m or 89 cents, on sales of C$285m against C$223m.

BWIA reveals lower loss

BY DAVID RENWICK

PORT OF SPAIN, Nov. 2.

BWIA INTERNATIONAL, the Trinidad and Tobago Government-owned airline which flies routes to London, North America, South America and the Caribbean, reduced its loss in 1976 to TT$ 10.1m ($U.S.4.2m), according to its annual report for the year just laid in Parliament.

This compares with a loss of TT$ 30.1m for 1975, and one of TT$ 33.5m in 1974.

The company, which owns six Boeing 707s and three DC9 aircraft, reduced its loss in the year because of a substantial jump in passenger revenue, which rose from TT$ 85.6m in 1975 to TT$ 105.9m. Cargo revenue was also up, from TT$ 14.2m to TT$ 18.7m.

The single biggest operating expense lay in fuel, totalling TT$ 35.6m, compared with TT$ 26.4m in 1975.

Up to the end of 1976, the airline's accumulated loss was TT$ 112.1m and BWIA has only been kept going on the basis of financial support from the Trinidad and Tobago Government.

A Bill now before Parliament seeks to merge BWIA with the domestic carrier, Trinidad and Tobago Air Services, and to establish a company, to be known as Trinidad and Tobago (BWIA) Airways Corporation, which would inherit BWIA's assets and routes.

Chemical group in $330m deal

CLEVELAND, Nov. 2.

DIAMOND SHAMROCK Corporation, which said it agreed in principle to acquire Falcon Seaboard Inc., said the transaction would be worth about $330m.

Diamond Shamrock said the acquisition is "a logical extension of the same line of the business we're in. We're obviously in the energy business." The acquisition would move Diamond Shamrock, a top chemicals group, into the business of coal production and exploration.

Falcon Seaboard's 1977 earnings of about $17m, or $2.29 fully diluted per share, came mostly from its coal operations.

Diamond Shamrock said it expects the merger to be completed some time in the first quarter of 1979.

Under the terms of the proposed transaction each Falcon Seaboard stockholder would receive two shares of common stock without par value of Diamond Shamrock for each Falcon Seaboard share owned.

It is estimated that the proposed transaction would require the issue of about 14.7m shares of Diamond Shamrock common.

Falcon Seaboard would become a wholly-owned subsidiary of Diamond Shamrock. AP-DJ

Solid gains at Walter E. Heller

CHICAGO, Nov. 2.

WALTER E. HELLER International, the bank holding company, achieved a third quarter profits rise above the 18 per cent gain of the second quarter, Mr. Franklin A. Cole, the chairman, said.

In last year's third quarter, Heller earned $7.5m, or 65 cents a share, on continuing operations. After discontinued operation, net income was $7.6m, or 65 cents a share.

For the first six months of this year, income from continuing operations rose by 11 per cent to 161m, or $1.37 a share, from $14.5m, or $1.26 a share. In the first six months of 1977, income from discontinued operations of $1.1m made final net income $15.6m, or $1.34 a share.

Mr. Cole sad that a major contributor to the earnings gain in the third quarter was Heller's American National Bank and Trust Company unit. The bank had a "splendid" third quarter he said with net income up 52 perc ent. to a record $4.3b.

The chairman attributed the bank's earnings growth to an increase in deposits, steady loan demand, effective cost control and good results from its trust department.

Non-bank finance operations also showed improvement in the third quarter, Mr. Cole said, with factoring volume rising by 20 per cent to $1.2bn from $1bn a year earlier. Loan demand from non-bank finance operations also rose during the quarter, with average net funds employed rising to $2.2bn from $2bn in the 1977 third quarter. AP-DJ

Recovery at Reserve Oil

ALBUQUERQUE, Nov. 2.

RESERVE OIL and Minerals Corporation's profits were up in the year ending August 31. The company's share profit was $2.76 against a 28 cents loss last year. Its net profit was up to $3.85m against a loss of $370,773. Revenues rose to $21.1m against $8.84m.

The company expects earnings for the next two quarters to be les than for foutrh quarter of fiscal 1978, following the temporary closing of a uranium mining area. Reuter

Georgia-Paci sees growth

NEW YORK, No

GEORGIA-PACIFIC, the paper and gypsum group, ex its net income for 1978 to more than 10 per cent over year's $262m, says vice-presi finance, Mr. Harry J. Kane. year sales should top $4.2b from $3.7bn last year.

The company said two mills on the West Coast being operated at or capacity by management sonnel. Reuter

Emerson Electric raises payment as profits climb

ST LOUIS, Nov. 2.

EMERSON ELECTRIC'S sales and earnings for the fourth quarter, which ended on September 30, increased by slightly less than 15 per cent over the record results of a year ago, Mr Charles F. Knight, the chairman and chief executive, said.

For the year, the company achieved sales and profit gains "of about 18 per cent" over fiscal 1977's record results.

In the 1977 fourth quarter, Emerson earned $36.4m, or 63 cents a share, on sales of $478.7m. For all of fiscal 1977, net income was $143.7m, or $2.48 a share, with reaching $1.84bn. Results have been restated for an acquisition.

Based on fiscal 1978's strong performance and prospects for fiscal 1979, the management will recommend an increase in the 30 cent quarterly dividend, Mr. Knight said. AP-DJ

Price rise helps Huyck

NEW YORK, Nov. 2.

HUYCK expects higher fourth quarter results, due to recent price increases for its products and a strong order backlog, M. Donald H. Grubb, the president, told analysts.

However, he said the company was continuing to experience losses in its Japanese and Austrian subsidiaries.

For the first nine months, the paper and fabrics company earned 89 cents a share on sales of $87m, compared with 69 cents a share on sales of $78m.

In last year's fourth quarter, the company earned 30 cents a share. For the full year, earning were $1.0 a share on sales of $108m. Reuter

U.S. QUARTERLIES

CIT FINANCIAL	1978 $	1977 $
Third quarter		
Revenue	—	—
Net profits	16.22m	21.22m
Net per share	0.78	1.02
Nine months		
Revenue	—	—
Net profits	54.37m	57.99m
Net per share	2.62	2.78

MAPCO	1978 $	1977 $
Third quarter		
Revenue	95.6m	110.3m
Net profits	4.70m	11.00m
Net per share	0.25	0.59
Nine months		
Revenue	402.6m	381.8m
Net profits	38.8m	43.3m
Net per share	2.06	2.32

CNA FINANCIAL	1978 $	1977 $
Third quarter		
Revenue	588.5m	585.2m
Net profits	38.33m	22.37m
Net per share	0.65	0.38
Nine months		
Revenue	1.71bn	1.68bn
Net profits	98.37m	48.28m
Net per share	1.68	0.83

NATIONAL MEDICARE	1978 $	1977 $
Third quarter		
Revenue	40.3m	32.8m
Net profits	3.71m	2.89m
Net per share	0.53	0.42
Nine months		
Revenue	114.8m	94.2m
Net profits	10.5m	8.2m
Net per share	1.50	1.20

EDISON BROS. STORES	1978 $	1977 $
Third quarter		
Revenue	188.4m	156.2m
Net profits	10.71m	8.38m
Net per share	0.92	0.71
Nine months		
Revenue	511.1m	425.5m
Net profits	24.91m	19.93m
Net per share	2.14	1.67

A. C. NIELSEN	1978 $	1977 $
Fourth Quarter		
Revenue	88.9m	72.3m
Net profits	6.97m	5.87m
Net per share	0.63	0.54
Year		
Revenue	323.8m	269.5m
Net profits	24.30m	20.21m
Net per share	2.21	1.87

HOOVER	1978 $	1977 $
Third quarter		
Revenue	176.1m	147.6m
Net profits	4.86m	3.94m
Net per share	0.37	0.30
Nine months		
Revenue	496.7m	*430.9m
Net profits	14.87m	12.64m
Net per share	1.13	0.96

NLT CORPORATION	1978 $	1977 $
Third quarter		
Revenue	—	—
Net profits	32.32m	28.17m
Net per share	0.93	0.84
Nine months		
Revenue	—	—
Net profits	88.27m	81.13m
Net per share	2.55	2.34

HALLIBURTON	1978 $	1977 $
Third quarter		
Revenue	1.7bn	1.4bn
Net profits	112.65m	103.14m
Net per share	1.92	1.76
Nine months		
Revenue	4.7bn	3.8bn
Net profits	294.42m	255.10m
Net per share	5.01	4.40

WILLIAMS COMPANIES	1978 $	1977 $
Third quarter		
Revenue	389.3m	272.2m
Net profits	2.1m	9.5m
Net per share	0.08	0.35
Nine months		
Revenue	1.3bn	980.5m
Net profits	14.11m	52.02m
Net per share	0.52	1.91

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary m exists. For further details of these or other bonds see the complete list of Eurobond prices publ on the second Monday of each month. Closing prices on Novem

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

© The Financial Times Ltd., 1978. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by Inter-Bond Services.

Dutch publishers confirm merger

By Charles Batchelor

AMSTERDAM, Nov. 2.

DUTCH PUBLISHING groups Elsevier and Nederlandse Dagblad-Unie (NDU) today confirmed they plan to merge via the formation of a new holding company to be called Elsevier-NDU. Talks are still continuing between the boards and if final agreement is reached, an offer document will probably be published in January.

A merger would produce a publishing group with 1978 sales of around Fl 1.1bn ($550m) and a cash flow of Fl 70m ($35m). It would employ a workforce of 7,500 of which 1,000 would be abroad. The shares of Elsevier and NDU would be accorded equal value in the share exchange with one new Elsevier-NDU share being issued for one share in either of the two companies.

Their shares were again suspended from trading on the Amsterdam Stock Exchange today. They were first suspended on Monday and were relisted only yesterday. Elsevier closed yesterday at Fl 290 — Fl 10 up on the Monday suspension price, while NDU stood at Fl 280, Fl 25 higher.

The aim of the merger is to broaden the activities of the two concerns and to strengthen their financial, commercial and economic bases, a statement said. The limited domestic market gives neither of them space for continued growth. They must expand abroad in order to strengthen their position in Holland.

The management of the new group will be in the hands of a two-man praesidium and a four-man managing board in which the two companies are equally represented.

A merger of the two concerns will produce the first fully integrated Dutch publishing house with interests in books, newspapers and magazines and printing plant. Elsevier is specialised in book and scientific journal publishing, with a strong foreign orientation, while NDU has substantial newspaper and printing interests.

The form of merger chosen is similar to that adopted recently by the dredging group Adriaan Volker and the construction group Stevin.

Privatbanken plans first U.S. branch

By Hilary Barnes

COPENHAGEN, Nov. 2.

PRIVATBANKEN, one of the big three commercial banks in Denmark, plans to open a branch office in New York. It will become the first Danish bank to establish a banking operation in the U.S. although several have New York representative offices.

The bank will also set up an offshore branch in the Cayman Islands.

Danish central bank permission to open the two branches has been granted, and permission is being sought from the U.S. authorities, said the bank.

Meanwhile Nordic Bank, the London-based international bank whose shareholders are four of the leading banks in the Nordic area, is to open a joint representative office in Sydney together with its sister bank Nordfinanz-Bank Zurich.

Swedish paper group fears heavier losses

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 2.

ASSI, the Swedish state pulp, paper and board company, made a pre-tax loss of SKR 198m ($46.6m) during the first eight months of 1978 and expects to end the year SKR 311m in the red, an increase of some SKR 35m over the loss made in 1977.

Eight-month turnover was SKr 1.33bn ($313m) and the company anticipates final 1978 sales of SKR 2.17bn, to give 20 per cent growth. Some SKR 110m of this growth will come from Dolan Packaging, the British company acquired by ASSI in September, 1977.

The pre-tax figures are struck after historic depreciation. If depreciation is charged at replacement cost and stock gains are included, the eight-month loss comes out at SKR 247m and the forecast loss for 1978 is SKR 371m. This would be SKR 68m lower than the comparable figure for 1977, which, however, contained SKR 93m in devaluation losses on foreign loans.

ASSI noted an improvement in the market during the second quarter of the year, resulting in increased sales for all its products apart from fibreboard, but pulp and timber prices declined. Total output rose by 3 per cent, despite a 5 per cent drop in pulp production.

Stocks were reduced by 23 per cent over the period at the same time as raw material costs fell by 11 per cent and investments were kept to a low level. A reduction in short-term claims has also eased the company's financial position.

The corrugated board and sack operation which ASSI has been developing outside Sweden returned higher earnings. Dolan Packaging is credited with an operating profit of SKR 13m for the eight months while the newly acquired Dansk Kraftemballage company turned in SKR 14m.

Commenting on the eight-month result, Mr. Sigvard Bahrke, ASSI's managing director, stated that the forestry industry was still operating at a loss but developments were moving in the right direction. Factors contributing to the improvement were the 1977 devaluation of the krona, moderate wage increases, lower raw material costs, reduced stocks, strikes in the U.S. forestry industry and stronger export demand.

Negative factors were the company's heavy financial costs, the low dollar exchange rate, low Atlantic freight rates and uncertainty about the performance of the U.S. economy in 1979.

Net new lending sharply down in third quarter

BY JOHN EVANS

NET NEW lending in the international capital markets fell sharply in the third quarter of this year, and global capital maket activity in coming months should continue to slow down, accordin gto the OECD, in the latest issue of its Financial Market Trends bulletin.

Total international lending in the quarter, composed of both international bonds and syndicated Eurocredits, dropped to some $82bn at an annual rate, compared with the record $106bn level recorded in the second quarter.

Reduced borrowing activity affected all market sectors, the OECD noted. In the third quarter, Eurobond issues declined by almost one-third, traditional foreign issues by around 15 per cent and syndicated Eurocredits—despite a continued high level of refinancing operations—by almost one quaters.

This overall slowdown was linked with a trend towards reduced borrowing requirements, associated with better balance of payments positions, particularly within the OECD area.

External bonds and Eurocredits raised by OECD countries fell by 38 per cent, and their share in such borrowing moved down from 60 per cent to 49 per cent.

Oil exporting countries and the non-oil lesser developed countries (ldc's) also borrowed less. Only Eastern Socialist countries, which play a relatively marginal role as international borrowers, and international organisations both in Europe and elsewhere, stepped up their international borrowings, the OECD says.

Overall external capital requirements of OECD countries should remain low, in line with favourable balance of payments prospects in most countries, the OECD suggests.

At the same time, non-oil ldc's needs for raising funds for balance of payments purposes also seem less urgent, given those countries' much improved international reserve positions, which have been bolstered already by anticipatory borrowing during the last two years.

The OECD notes that an increasing proportion of the medium-term credits markets is taken up by restructuring and refinancing of past loans and estimates that these operations reached several billion dollars and accounted for up to one-third of the total $52bn of Eurocredits raised at an annual rate in the third quarter.

Norwegian industry sees lower debt

OSLO, Nov. 2.

NORWEGIAN industry could have its borrowing next year as a result of reduced investment combined with a generally lower demand for credit a survey by the Federation of Norwegian Industries shows. According to the survey, investment is expected to fall by 10 per cent in 1979, while investment in 1978 could be around 15 per cent lower than last year. In 1977 Norwegian industries covered some 80 per cent of its borrowing with foreign loans. Next year only 35 to 40 per cent of borrowing is expected to be covered by foreign debt. Reuter

Roeben U.S. offer

West German brick manufacturer Roeben Klinkerwerke has tentatively agreed to acquire Triangle Brick Company of Durham, North Carolina, Agencies report. Under the agreement, Mr. Wilhelm Roeben, who owns Roeben Klinkerwerke, will pay $14.25 for each of Triangle's 763,900 shares outstanding. The total purchase price is $10.9m.

Buehrmann-Tetterode

Buehrmann-Tetterode NV, the Dutch paper company, has reached agreement with Reinhart Schmidt of West Germany under which Buehrmann will 34.6 per cent holding in Schmidt, Agencies report. The Buehrmann holding will be sold to the Schmidt family, who are the principal shareholders of Reinhart Schmidt.

Riva Finanziaria ahead

RIVA Finanziaria Spa has produced a 50 per cent profit gain for the year ended June 30 and is lifting its dividend to L180 from L160. AP-DJ reports from Milan. Net earnings of the holding company totalled L1.115bn compared to L744m in the preceding year. The company assigned L423m to a special reserve fund. The improvement was attributed to an increase in dividends paid by shareholdings, which rose to L900m from L603m.

Demag orders increase

BY OUR FINANCIAL STAFF

INCREASED orders and sales for the first nine months of 1978 are announced by Demag, the West German engineering group which became part of the Mannesmann empire in July 1973.

Sales and incoming orders for the nine months rose by nine and 10 per cent respectively. The company gave no figures but said that domestic and foreign orders in first three quarters this year rose by 17 and 6 per cent respectively.

Last year Demag earned a net group profit of DM 28m compared to DM 11m in 1976, of which DM 24m was transferred to parent company Mannesmann AG, compared to DM 10.5m. Turnover was DM 2.31bn compared to DM 2.13bn.

● Friederich Flick group subsidiary, Feldmuehle AG, is planning to invest DM 415m in its Hagen-Kabel and Uetersen works, thus creating 400 new jobs, Reuter reports from Dusseldorf.

The company is proposing to allocate DM 200m of its own resources, to be decided on at an extraordinary general meeting. A spokesman was unable to give details on further financing or its source.

The investments are for new paper machinery in the Hagen-Kabel works and for coating machinery and equipment rationalisation in Uetersen.

Austrian banks see credit demand rising

BY PAUL LENDVAI

VIENNA, Nov. 2.

BAWAG, the Austrian union bank claims a 25 per cent jump in savings deposits during the past 12 months, a figure well over the 14 to 15 per cent average rate for the Austrian credit institutions. Announcing this at a Press conference, Mr. Walter Floettl, director-general and chairman of the board, also revealed that BAWAG during the 12 months to September 1978 increased the number of its branch offices by more than 50 per cent to 44 with 24 branches operating outside Vienna.

Savings deposits rose from Sch 7.1bn to Sch 8.9bn during the period, and Mr. Floettl expressed the hope that the figure will surpass Sch 10bn by the end of this year.

Speaking about the general economic situation, the banker stressed such facts as the vigorous demands for credits, the reduction of the inflation rate to 3.4 per cent and the growth of the savings ratio from 9.4 per cent last year to 13.5 per cent this year. Aggregate savings deposits were up from Sch 352bn at the end of September 1977 to Sch 4.2bn in the same month this year in Austria.

He particularly drew attention to the fact that the monthly growth rate of the savings deposits since January this year had shown a rising trend. Mr. Floettl also spoke out in favour of continuing the monetary policy and the maintenance of a "hard" schilling.

A similar theme was developed by Dr. Karl Vak, director-general of Zentralsparkasse, the largest Austrian savings bank. Also speaking at a Press conference, Dr. Vak emphasised that demand for credits was rising, particularly for federally subsidised loans. Applications for such loans reached a total of Sch 3.3bn with Sch 1.1bn worth already approved. The savings bank reckons with a 14 per cent expansion of its outstanding commercial credit this year.

Developments in the sector of savings are also cause for a certain degree of optimism. "Z" expects this year a 14 per cent increase in its savings deposits, just below the Austrian average. Dr. Vak however stressed that this was due to the fact that the institute has been affected by the maturity of premium savings deposits contracts.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sri Lanka moves to solve dispute with UK groups

BY DAVID HOUSEGO

THE SRI LANKA Government yesterday made moves to resolve the long-running dispute with over 50 British companies who acuse Sri Lanka of bad faith in delaying payment of full compensation for plantations nationalised in 1975.

Mr. W. M. Tilakaratna, Secretary for Finance and Planning, and the official responsible for negotiations with the British companies, said that the Government "had made arrangements to deal as expeditiously as possible with all outstanding claims of remittances of head office expenses and dividends."

He rejected accusations of bad faith, and said that there was no attempt by Sri Lanka to go back on the 1976 agreement that set out the compensation terms.

The British companies, represented through the Ceylon Association, claim that dividends of about £250,000 which should have been paid in 1976 are still outstanding as well as further sums for head office expenses. They are also at odds with the Sri Lanka Government over the valuation of net current assets at the time of the take-over and the exchange rate at which they should be remitted when payment falls due in 1982.

Mr. Tilakratna said from Colombo yesterday that some British companies had still to furnish data which would enable the Government to settle their claims over dividends and head office expenses. As soon as these were received, he said, "there will be no difficulty in clearing the outstanding accounts."

British companies were awarded about £10m in compensation after nationalisation. The first four instalments on the payment of fixed assets of about £5-6m have been remitted on schedule.

A representative from the association is due to have further negotiations in Colombo this month after what the association regards as the failure of two meetings earlier this year to secure satisfactory action by the Sri Lankan Government over the other issues.

Mr. Tilakaratna indicated that the Sri Lankan Government would be sticking to its view that subsidies paid to the companies prior to nationalisation for development purposes should not be included as part of the net current assets. The association insists they were grants made for development plans that were thwarted by nationalisation and are thus not refundable.

On the question of the exchange rate to be used in remitting the net current assets, Mr. Tilakaratna said the 1976 agreement did not provide for a unified exchange rate (introduced in 1977 to replace the two-tier system then in use). This was a subject that would be taken up with the British delegation this month. He anticipated that a satisfactory solution could be reached.

Honda profits dip 11.5%

TOKYO, Nov. 2.

HONDA MOTOR COMPANY'S consolidated net profit for the half-year to August 31 fell by 11.5 per cent to Y16.83bn ($91m), from Y19.02bn a year earlier. Sales, however, rose 13.7 per cent to Y590.88bn ($3.2bn), from Y519.6bn. Per-share profits were Y28 against Y34.

Overall sales of motorcycles rose 11.9 per cent to 1.43m units from 1.28m units. Overseas sales totalled 857,000 units, up 5.7 per cent from 911,000 units, and domestic sales 573,000 units, up 22.1 per cent from 468,000.

Overall motor vehicle sales jumped 17.6 per cent to 408,000 units from 347,000. Overseas sales, at 280,000 units, were up 22.9 per cent from 228,000 units, and domestic sales, at 128,000 units, were up 7.6 per cent.

Overseas markets accounted for 68.6 per cent of unit motor vehicle sales and 59.9 per cent of unit motorcycle sales during the half-year period.

Overall domestic sales totalled Y199.6bn, or 22.7 per cent more than the Y162.6bn a year earlier. Overseas sales amounted to Y391.3bn, to show a rise of 9.6 per cent from the previous Y357bn.

AP-DJ

Margin debts

The outstanding balance of margin debts on the three major Japanese stock markets totalled Y1.13 trillion (million million) as of October 28, up Y6.3bn on the week the Tokyo Stock Exchange official said, reports Reuter from Tokyo.

Hongkong Land in HK $500m office deal

By Anthony Rowley

HONG KONG, Nov. 2.

HONG KONG LAND has bought one of the prime office blocks here, Gammon House, from Jardine, Matheson and Co. and other interests.

The value of the deal is not being disclosed by the parties involved, but it is thought to be at least HK$500m (some U.S.$105m) which makes it a major transaction even in terms of Hong Kong's currently hyper-active property market.

Jardine acquired its stake in Gammon House about three-and-a-half years ago, when it bought the civil engineering concern, Gammon (Hong Hong). Gammon owns 75 per cent of a company, Sirius Enterprises, which is the owner of Gammon House. The residual 25 per cent of Sirius is owned by the Leong family, which has other property interests here.

Gammon House is a 40 storey block located in Hong Kong's central business district, and is fully let. Its acquisition by Hongkong Land gives the land company a foothold in the nearby "Admiralty" area associated with the mass transit railway. Sites associated with the MTR have risen very sharply in value, and Hongkong Land has been anxious to secure a stake in the developments involved. Completed in 1975, Gammon House comprices 35,800 sq. metres of office space, 3,700 sq. metres of retail space and parking for 220 cars.

A joint statement issued by Hongkong Land and Sirius says: "Hongkong Land acquired the building against strong competition. The company will not draw on the proceeds of the recently announced 8 per cent unsecured loan stock for this purpose financing the transaction and is arranging additional banking facilities."

A spokesman for Hongkong Land said that the building had been purchased "in line with our policy of owning prime-located, first class office buildings, which we retain for investment."

Jardine, Matheson said: "This disposal is in line with Jardine's group policy to reduce our overall group holding in property, consistent with our principal role as a trading company. Our share of the proceeds of the sale will be used mainly to finance new investments and business opportunities in Hong Kong, and also to reduce some term debt. The surplus arising from the transaction will be treated as an extraordinary item in the 1978 profit and loss account."

Nestle to buy 65% of biscuit company

By Wong Sulong

KUALA LUMPUR, Nov. 2. NESTLE, of Switzerland has reached agreement to buy over 65 per cent of a leading Malaysian biscuit company, United Biscuit Manufacturing, which has been incurring losses.

Nestlé will purchase 2.15m shares of 1 ringgit each of UBM for 1.1m ringgits from Supreme Corporation Berhad, and 220,000 shares from Timuran Holdings for 149,000 ringgits.

The managing director of Supreme Corporation, Tan Koon Swan, said that the company was selling off its shares in UBM beca[illegible] Supreme had no marketing outlet.

Supreme is involved in property development and plantations. Tan said on the other hand, Nestlé has been long established in Malaysia and has an excellent marketing network for food products.

INTERNATIONAL CAPITAL MARKETS

South Africa makes a comeback

BY BERNARD SIMON

JOHANNESBUHG, Nov. 2.

IN WHAT marks South Africa's first public appearance on the international capital markets for more than two years, the Government of South Africa has given a mandate to three banks to raise $150m for five years. This credit will carry a spread over the interbank rate of 1½ per cent, but other terms are not yet known.

The three banks are Deutsche Bank, Dresdner Bank and Union Bank of Switzerland.

Negotiations between the South African Treasury and the three banks involved have been going on for over a month, but according to market sources the issue has not yet been fully underwritten. The reason for this is apparently the banks' nervousness over the current situation in Namibia, uncertainty over the performance of the new Prime Minister, Mr. P. W. Botha, and more recently, concern about the effect on South Africa of events in its major oil supplier, Iran.

Last month, the Minister of Finance, Mr. Owen Horwood, said that he had no doubt that if the Government should seek a substantial loan abroad, it would be forthcoming. He added that South Africa is rated a very good investment risk at the moment.

Certainly, South African borrowers have had considerably more success in international capital markets this year than in the months following the incursion into Angola in late 1975 and the upheavals in black urban townships in mid-1976. According to the World Bank, South African borrowers raised $206m on international bond markets in the first six months of this year, compared with $84.5m during the whole of 1976 and a mere $23.9m last year. The figure for 1978, in particular, is probably an underestimate, as bankers say that several unpublicised loans have been arranged.

This year's public sector borrowers include the Electricity Supply Commission (ESCOM), the South African Iron and Steel Corporation (ISCOR), the South African Railways, South African Broadcasting Corporation, SASOL, Corporation for Economic Development, and Johannesburg and Cape Town Municipalities. ESCOM alone is estimated to have borrowed around R150m of which half is new money, and the railways have arranged loans (including suppliers' credits worth over R100m.

The private sector borrowers have included Barlow Rand, the Urban Foundation (which finances black improvement projects) and Standard Bank Import and Export, acting, it is believed, on behalf of a public corporation.

The government loan is further proof that maturities for South African borrowers have lengthened substantially in the past year. While the few loans floated in 1977 carried an average life of three years or less, most of this year's issues are for four or five years. A DM40m credit negotiated by ISCOR in September had a maturity of six years, and officials say that at least one seven-year issue has been arranged.

Almost all South Africa's foreign borrowings this year appear to have been provided by German and Swiss banks, with Bayerische Vereinsbank, BHF Bank, Bayerische Hypotheken und Wechselbank and Commerzbank most frequently mentioned. However, as one Cape Town broker put it, "The market is a little broader than one tends to think." One public corporation added that "some of the banks who are lending to us have insisted that their names be kept secret."

It is not clear, however, how much of South African borrowers' success can be attributed simply to the high liquidity of foreign markets, and how much to a more optimistic view among bankers and investors of the country's political future.

Francis Ghilès adds: It will come as no surprise in the international capital markets that two German names and a Swiss are among the lead managers of this loan. These two countries—and most notably Germany—are the only two where effectively public deals have been arranged for South African borrowers so far this year.

The reception for Deutschemark private placements by South African borrowers has improved considerably in recent months. The growth in frequen[cy] and size of DM-denominat[ed] private placements led t[he] German Capital Markets Su[b] Committee, which each mo[nth] approves the calendar of n[ew] issues for foreign borrowers, [to] include all bonds and priva[te] placements for South Afric[an] borrowers in the calendar. V[ir]tually all the major South Afric[an] public corporations have rais[ed] money in this form this year.

They have been getti[ng] steadily better terms this ye[ar] but these are more a reflecti[on] of the liquidity in the Deutsch[e] mark sector than of any drama[tic] improvement in the status [of] South African borrowers.

Several major U.S. banks ha[ve] in the past made it clear t[hat] they are not lending to the So[uth] African Government or pub[lic] sector agencies. A syndica[ted] loan, even arranged by a sm[all] group of banks, becomes pub[lic] knowledge far more easily th[an] a private placement of bonds; [it] may thus be assumed that amo[ng] the three unnamed co-manag[ers] of the loan just announced, th[ere] are no U.S. names.

South Africa today is rate[d a] far more serious credit risk th[an] was the case in 1976, with [the] result that banks generally ha[ve] cut their ceiling on lendings [to] that country.

Sharp setback at Mitsubishi HI

BY YOKO SHIBATA

TOKYO, Nov. 2.

MITSUBISHI HEAVY Industries (MHI), Japan's largest heavy machinery manufacturer has reported a sharp fall in its sales and earnings for the six months ended last September, against the background of the shipbuilding recession and the sharp rise in the yen to the foreign exchanges.

Mitsubishi's current profits were Y2.35bn ($12.7m), down 92.7 per cent from the previous year's level.

MHI's total sales for the six months fell by 25 per cent to Y557.2bn ($3bn), largely as a result of the sharp fall in shipbuilding. Offsetting factors were favourable sales in chemical plants (up 43.8 per cent) and construction machineries (25.6 per cent). New ship orders in the six months declined to 16 vessels, from 32 a year earlier.

Exports declined by 23.3 per cent to Y230.7bn, with shipbuilding falling 61 per cent to Y125.6bn, despite booming exports of chemical plants, which rose 5.7 times to Y45.9bn.

Exchanges losses arising from the yen's appreciation increased five-fold to Y4.4bn. Sales of securities, however, brought in Y5.5bn. As a result, the company's net profits at Y1.1bn were up 5 per cent over a year ago.

For the latter half of the current fiscal year, Mitsubishi sees a sizeable gain in sales of plant and machinery. In particular, exports of fertiliser plant to the Middle East is expected to contribute to profit improvement.

For the full year, ending next March, the company expects sales to be Y131bn, down 5 per cent over fiscal 1977.

Because of increasing competition among heavy machinery manufacturers and the further appreciation of the yen, MHI estimates current profits at Y18bn, down 61 per cent from the previous year. As a result the company is likely to register net profits of Y10bn or 44 per cent less than in 1977-78.

The company has passed its interim dividend payment, and the dividend payment at the end of the current fiscal year is likely to be cut, since Mitsubishi sees the recession in shipbuilding in next fiscal year as becoming much more serious than this year.

Business better at Lufthansa

THE West German airline Lufthansa expects to pay a dividend of 5 per cent to 7 per cent for 1978. The airline paid a dividend of 6 per cent or DM 3 per DM 50 nominal share in 1977.

Business has been better since July than it was in the first half, according to Dr. Guenter Eser, a member of the management Board.

AP-DJ.

FOOD PRICE MOVEMENTS

	November 2 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	1,010	1,010
Ulster A.1 per ton‡	1,050	1,050	1,050
BUTTER			
NZ per 20 kg	12.39/12.72	12.59/12.72	12.59/12.72
English per cwt†	79.14	77.81/79.15	77.81
Danish salted per cwt†	80.98/81.72	78.98/81.87	78.98/81.72
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,345	1,309.77	1,275
EGGS*			
Home-produced:			
Size 4	2.60/2.90	2.50/2.70	2.65/2.80
Size 2	3.10/3.40	3.00/3.30	3.10/3.40
	November 2 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/57.0	53.0/57.0
Eire forequarters	—	37.0/38.0	35.0/39.0
LAMB			
English	52.0/56.0	52.0/56.0	—
NZ PLs/PMs	56.5/58.0	—	—
PORK (all weights)	37.0/46.0	37.0/46.0	37.0/46.0
POULTRY—Broiler chickens	36.0/38.5	36.0/38.0	36.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery November 4-11.

Currency, Money and Gold Markets

Dollar settles following rise

European central banks continued to support the dollar in quieter trading in the foreign exchange market yesterday. The U.S. currency was very strong against all currencies in early trading but eased fairly quickly, and then moved within a narrow range throughout the rest of the day. The dollar opened at DM 1.9000 against the D-mark, and rose to DM 1.9080, before settling down to a steady level. It closed at DM 1.8710, compared with DM 1.8550 on Wednesday. The U.S. currency also rose sharply against the Swiss franc, touching SwFrs 1.64, before closing at SwFrs 1.6065, compared with SwFrs 1.5850 previously.

The dollar rose to Y188.75 in terms of the Japanese yen, and finished at Y187.87½, compared with Y185.

On Morgan Guaranty figures, the dollar's trade-weighted depreciation narrowed to 10.4 per cent from 11 per cent.

Sterling opened at $1.9650-1.9730, the lowest level of the day, and traded between $1.9800 and $1.9900 during the morning. The Unofficial reserve figures were well received however and the pound finished at its firmest level, of $1.9975-2.0000, a fall of 2.12½ cents on the day.

Forward sterling lost ground on fears of higher London interest rates, following recent nervousness in the money market and yesterday's base rate move by Barclays Bank. Forward rates improved when Bank of England Minimum Lending Rate remained at 10 per cent however, and the three-month discount against the dollar finished at 0.95 cent, only slightly weaker than the rate of 0.85 cent on Wednesday.

The pound's trade-weighted index, as calculated by the Bank of England, rose to 62.5 from 62.0, after standing at 62.4 at noon and 62.5 in early trading.

FRANKFURT—The Bundesbank bought $11.3m when the dollar was fixed at DM1.8665 against the D-mark, compared with DM1.7735 previously. A rush of short-covering pushed the dollar up in early trading, when it touched DM1.90, but profit taking tended to pull the U.S. unit down fairly quickly. Trading quietened from the early hectic pace, and spreads were fairly wide ahead of the market adjusting to the new conditions.

In late trading the dollar was relatively steady, although the market remained very nervous. The U.S. currency was quoted at DM1.8705, slightly lower than the afternoon high of DM1.8735, but above the fixing level.

AMSTERDAM—The dollar was fixed at Fl 2.0100 against the Dutch guilder, compared with Fl 1.9170 previously.

BRUSSELS—The dollar rose to BFr 29.20 against the Belgian franc at the fixing from BFr 27.1725 previously. Although the U.S. currency rose sharply from Wednesday's fixing, it was slightly lower than the opening level of BFr 29.70. The improvement appeared to come without any support from the Belgian central bank, as market operators were probably short of dollars and were covering their positions. The Belgian franc improved against the D-mark, which was fixed at BFr 15.69, compared with BFr 15.71½ on Tuesday. The Brussels market was closed on Wednesday for All Saints Day.

TOKYO — The dollar rose sharply against the Japanese yen to finish at Y186.25, compared with Y178.80 on Wednesday. Spot trading was at a record level and intervention by the Bank of Japan was very heavy. The U.S. currency opened at Y188, and although there was evidence of heavy selling of dollars by exporters, central bank support kept it around the Y186 level. At one point the dollar fell to Y185.50, and it also touched a high point of Y188.50. The improvement of the dollar was obviously attributed to the U.S. package to support the currency, but dealers appeared somewhat sceptical about how long the stability will last. It was suggested that this may not be a turning point for the dollar, with many people still afraid of the yen's appreciation, and the size of the U.S. trade deficit.

THE POUND SPOT / FORWARD AGAINST £

Nov. 2	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9650-2.0000	1.9975-2.0000	0.40-0.30c pm	2.10	1.00-0.90c pm	1.90
Canadian $	10½	2.2950-2.3525	2.3500-2.3525	0.40-0.30c pm	1.80	1.75-1.65c pm	2.92
Guilder	8½	3.97-4.06	3.99-4.01	1¼-¾c pm	2.25	4¼-3¾c pm	3.86
Belgian F	6	57.60-58.70	58.40-58.70	20-10c pm	3.07	55-65c pm	2.90
Danish K	8	10.16-10.34	10.31-10.34	2¾-4¼ore dis	−4.36	9¾-11¼ore dis	−4.07
D-Mark	3	3.69-3.76	3.75½-3.75½	3-2pf pm	8.01	9¼-8¼pf pm	5.35
Port. Esc.	18	88.25-92.00	91.00-92.00	70-170c dis	−15.74	200-550c dis	−12.02
Span. Pes.	8	140.25-146.25	142.25-145.00	180-280c dis	−19.35	550-650c dis	−16.83
Lira	10½	1,626-1,666	1,655-1,658	5-6 lire dis	−5.20	13-16 lire dis	−3.51
Norwgn. K.	7	9.84-9.97	9.85½-9.86½	2-2½ore dis	−1.81	3¾-5¾ore dis	−1.71
French Fr.	9½	8.35-8.54	8.51-8.54	5¼-2¼c pm	5.87	7¾-6¾c pm	3.40
Swedish Kr.	6½	8.55-8.66	8.65-8.66	5¼-1¼ore pm	−5.12	6¾-4¾ore pm	−2.64
Yen	3½	366-380	376-377	3.90-3.65y pm	11.57	10.6-9.6y pm	10.85
Austria Sch	4½	27.25-27.65	27.25-27.55	12-2gro pm	3.08	28-18gro pm	3.37
Swiss Fr.	1	3.14-3.22	3.19-3.21	3½-2½c pm	11.26	10¼-9¼c pm	12.66

Belgian rate is for convertible francs. Financial franc 60.70-60.50. Six-month forward dollar 1.70-1.60c pm, 12-month 2.90-2.65c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 2	Day's spread	Close	One month	p.a. %	Three months	p.a. %
Canad'n $*	85.40-85.95	85.40-85.45	0.02-0.05c pm	0.49	0.25-0.30c pm	1.25
Guilder	2.0175-2.0260	2.0190-2.0240	0.14-0.04c pm	0.59	1.15-1.00c pm	2.12
Belgian Fr	29.10-29.35	29.30-29.35	2c dis-1c pm	0.02	9-5c pm	0.54
Danish Kr	5.1500-5.1800	5.1650-5.1750	2.25-2.75ore dis	−6.96	7.00-7.50ore dis	−6.05
D-Mark	1.8650-1.8760	1.8680-1.8720	1.08-1.00pf pm	6.83	3.62-3.54pf pm	7.64
Port. Esc	45.00-46.50	45.90-46.00	35-180c dis	−28.35	135-500c dis	28.02
Span. Pta	70.70-71.20	70.90-71.20	100-120c dis	−18.58	290-320c dis	−16.90
Lira	818-831.25	828-830	3.00-3.75lire dis	−5.08	9.25-10.75lire dis	−4.39
Nrwgn. Kr	4.97-5.00	4.97-4.98	1.30-2.70ore dis	−3.00	4.25-4.65ore dis	−3.18
French Fr	4.2800-4.3050	4.2550-4.2700	0.45-0.25c pm	2.27	1.40-1.00c pm	1.85
Swedish Kr	4.3175-4.3350	4.3230-4.3360	0.85-0.65ore pm	1.52	1.45-1.25ore pm	1.04
Yen	187.00-188.00	187.50-187.90	1.60-1.40y pm	10.88	4.35-4.15y pm	9.70
Austria Sch	13.66-13.73	13.66-13.71	5.80-4.00gro pm	3.94	13.50-11	3.58
Swiss Fr	1.5970-1.6120	1.6020-1.6050	1.32-1.27c pm	9.84	4.45-4.30c pm	10.75

* U.S. cents per Canadian $.

CURRENCY RATES

November 1	Special Drawing Rights	European Unit of Account
Sterling	0.649292	Unavail.
U.S. dollar	1.33527	..
Canadian dollar	1.55666	..
Austrian schilling	—	..
Belgian franc	—	..
Danish krone	6.54816	..
Deutsche Mark	2.36810	..
Guilder	2.56227	..
French franc	—	..
Lira	—	..
Yen	238.346	..
Norwegian krone	6.39728	..
Peseta	—	..
Swedish krona	5.55365	..
Swiss franc	2.02227	..

CURRENCY MOVEMENTS

November 2	Bank of England Index	Morgan Guaranty changes %
Sterling	62.51	−41.2
U.S. dollar	82.68	−18.4
Canadian dollar	79.94	−17.1
Austrian schilling	144.97	+18.9
Belgian franc	114.53	+15.4
Danish krone	117.58	+6.8
Deutsche Mark	148.11	+48.2
Swiss franc	202.20	+90.7
Guilder	123.67	+20.2
French franc	98.97	−6.4
Lira	54.66	−48.6
Yen	153.60	+51.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 2	£	$		£ Note Rates
Argentina Peso	1.805-1.809	903.06-905.06	Austria	26.50-28.00
Australia Dollar	1.7124-1.7184	0.8602-0.8639	Belgium	59-61
Finland Markka	7.83-7.85	3.9400-3.9500	Denmark	10.15-10.50
Brazil Cruzeiro	38.39-39.39	19.21-19.71	France	8.45-8.60
Greek Drachma	71.595-73.545	35.82-36.70	Germany	3.65-3.75
Hong Kong Dollar	9.4425-9.4700	4.7600-4.7650	Italy	1600-1670
Iran Rial	135-145	67.54-72.54	Japan	370-385
Kuwait Dinar (KD)	0.535-0.545	0.2677-0.2727	Netherlands	3.95-4.05
Luxembourg Franc	58.40-58.70	29.25-29.32	Norway	9.85-10.00
Malaysia Dollar	4.3150-4.3430	2.1800-2.1850	Portugal	93-102
New Zealand Dollar	1.8540-1.8620	0.9302-0.9368	Spain	146½-150
Saudi Arabia Riyal	6.45-6.55	3.23-3.28	Switzerland	3.15-3.25
Singapore Dollar	4.2460-4.3130	2.1765-2.1775	United States	1.99-2.01
South African Rand	1.7087-1.7435	0.6549-0.6725	Yugoslavia	41½-43½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 2	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.999	3.745	376.0	8.525	3.200	4.000	1655.	2.331	58.55
U.S. Dollar	0.500	1.	1.874	188.1	4.265	1.601	2.001	827.8	1.166	29.29
Deutsche Mark	0.267	0.534	1.	100.4	2.276	0.854	1.068	441.8	0.622	15.63
Japanese Yen 1,000	2.660	5.316	9.960	1000.	22.67	8.511	10.64	4400.	6.200	155.7
French Franc 10	1.173	2.345	4.393	441.1	10.	3.754	4.692	1941.	2.735	68.68
Swiss Franc	0.313	0.625	1.170	117.5	2.664	1.	1.250	517.0	0.729	18.30
Dutch Guilder	0.250	0.500	0.936	94.00	2.131	0.800	1.	413.6	0.583	14.64
Italian Lira 1,000	0.604	1.208	2.264	227.3	5.153	1.934	2.418	1000.	1.409	35.39
Canadian Dollar	0.429	0.857	1.606	161.3	3.657	1.373	1.716	709.7	1.	25.12
Belgian Franc 100	1.708	3.414	6.396	642.2	14.56	5.465	6.832	2826.	3.982	100.

EURO-CURRENCY INTEREST RATES*

Nov. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9¾-10	9¼-9½	8¼-9¼	9-9½	[illegible]	3-3½	7⅛-7⅜	9-12		−7⅞—5⅞
7 day's notice	10¾-11	9½-9¾	8¼-9¼	9-9½	[illegible]	3-3½	7½-8	13-14	8⅞-8⅞	−3½—1½
Month	12⅛-12½	10⅛-10⅜	9-9½	9-9½	[illegible]	3¼-3⅝	9⅝-9⅞	14½-15½	10⅛-10⅞	−⅛-NIL
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 11.40-11.50 per cent; six months 11.55-11.75 per cent; one year 11.65-11.75 per cent.

Long-term Eurodollar deposits: Two years 10⅞-11 per cent; three years 10⅝-10¾ per cent; four years 10⅜-10½ per cent; five years 10⅜-10½ per cent nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates mixed

The package announced on Tuesday in support of the dollar was still being digested to a certain extent with rates seeking some stability after make-up day. Federal funds were quoted at 9¾-9⅞ per cent having traded well over 10 per cent on Wednesday. Treasury bill rates were firmer throughout with 13-week bills at 8.94 per cent from 8.88 per cent and 26-week bills at 9.34 per cent against 9.30 per cent. One-year bills were also firmer at 9.19 per cent compared with 9.16 per cent. One-month certificates of deposit fell to 9.95 per cent from 10.45 per cent and the two-month rate eased to 10.55 per cent from 10.70 per cent. Three-month certificates stood at 10.85 per cent against 10.90 per cent.

FRANKFURT—Interbank rates were generally firmer with call money at 3.2-3.3 per cent from 3.0-3.2 per cent and one-month money at 3.5-3.6 per cent compared with 3.4-3.5 per cent on Wednesday. The three-month rate was unchanged at 3.9-3.95 per cent while six-month money eased to 3.9-4.0 per cent from 3.95-4.0 per cent. 12-month funds stood at 4.15-4.25 per cent against 4.1-4.2 per cent. At the regular fortnightly meeting of the Bundesbank Central Bank Council, credit policies were left unchanged as widely anticipated in money and foreign exchange markets.

BRUSSELS—Deposit rates for the Belgian franc (commercial) all showed an easier tendency with the one-month rate at 10¼-10½ per cent from 10¾-11 per cent on Tuesday. Three-month deposits fell to 10¼-10⅝ per cent against 10⅝-10⅞ per cent while the six-month eased to 9¼-9½ per cent compared with 9¾-10 per cent. The 12-month rate was quoted at 9-9¼ per cent from 9½-9¾ per cent. Rates were not available for Wednesday owing to centres closing for a religious holiday.

AMSTERDAM—Interbank money market rates were generally easier with call money at 9¼-9½ per cent from 9¾ per cent and one-month money at 9½-10 per cent against 9¾-10¼ per cent. The three-month rate was unchanged at 9½-10 per cent while six-month money eased to 8¾-9¼ per cent compared with 9¼-9½ per cent.

PARIS—Money market rates again showed very little change with day to day money at 7 per cent through to one-year money at 8¼-8⅜ per cent.

HONG KONG—Conditions in the money market were easy with call money at 7¾ per cent and overnight business at the same 7¾ per cent.

GOLD

Further decline

Gold fell $5⅜ to close at $221-221¼ in hectic and nervous trading. It opened at $219-220, and was fixed at $220.40 in the morning and $221.50 in the afternoon. The metal touched a high point of $223-224 and a low level of $218-219.

In Paris the 12½ kilo gold bar was fixed at FFr 29,800 per kilo ($216.78 per ounce) in the afternoon, compared with FFr 30,250 ($221.64) in the morning, and FFr 31,450 ($242.42) Tuesday morning.

In Frankfurt the 12½ kilo bar was fixed at DM 13,265 per kilo, ($220.64 per ounce) compared with DM 13,605 ($239.22) on Wednesday.

	Nov. 2	Nov. 1
Gold Bullion (a fine ounce)		
Close	$221-221¼	$226-228
Opening	$219-220	$266¼-269¾
Morning fixing	$220.40 (£110.574)	$238.65 (£115.990)
Afternoon fixing	$221.50 (£111.659)	$227.50 (£113.184)
Gold Coins, domestically		
Krugerrand	$226¼-228 (£113¼-114¼)	$234-236 (£117¼-118¼)
[illegible]	[illegible]	[illegible]

UK MONEY MARKET

Uncertainty in the market

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Speculation within banking circles was settled at least on one account yesterday when the absence of any announcement by the Bank of England left MLR unchanged at 10 per cent. The surprise came when Barclays Bank raised its base lending rate from 10 per cent to 11½ per cent. Interest rates were marked up as a defensive measure for a time but eased back in later trading.

Ahead of today's Treasury bill tender rates were quoted on a rather than spread with buying rates for three-month Treasury bills at 10¼-10⅜ per cent compared with 10¼-10⅜ per cent on Wednesday, with the probability of a higher discount rate seen as the most likely course.

Wednesday's assistance by the Bank of England helped towards creating a surplus of day-to-day credit in yesterday's money market and the authorities sold a large amount of Treasury bills in an effort to take out the surplus. Rates tended to suggest that there was still a fair level of liquidity with discount houses paying around 4 per cent for secured call loans during the latter part of the day after rates opened around 9 per cent.

The market was helped by bank balances brought forward well above target and an excess of Government disbursements over revenue transfers to the Exchequer. There was also a fall in the note circulation. On the other hand there was a moderate net take up of Treasury bills to finance.

In the interbank market overnight loans opened at 9¾-9½ per cent and eased on the forecast to 8-8½ per cent before falling away to 4-5 per cent. Late demand pushed rates up to 7-8 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Overnight — Interbank 4-9½, Company Deposits 8¼, Discount market deposit 4-9; 2 days notice — Local Authority deposits 9¾-10. [illegible]

Local authority and finance houses seven days' notice, others seven days fixed. [illegible] Finance House Base Rates (published by the Finance Houses Association) 10 per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10½-11½ per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

MONEY RATES

NEW YORK: Prime Rate, Fed Funds, Treasury Bills (13-week), Treasury Bills (26-week) [illegible]

GERMANY: Discount Rate, Overnight, One month, Three months, Six months [illegible]

FRANCE: Discount Rate, Overnight, One month, Three months, Six months [illegible]

JAPAN: Discount Rate, Call (Unconditional), Bills Discount Rate [illegible]

ENERGY REVIEW: BY ANTHONY McDERMOTT

Not much scope for Turkish delight

EARLY LAST month Shell announced that it was removing one of its two oil drilling rigs from Turkey. It intends to remove the other one next year. This decision was far from being a surprise, but it is a graphic illustration of the problems faced by Turkey's oil industry. The withdrawal of the rigs reflects the view, with which Turkish officials over-optimistically disagree, that oil resources in the country are limited, diminishing and expensive to develop. It will increase the suspicion with which Turkey, in general, and the energy sector, in particular, view foreign companies, and will throw the whole burden of oil exploration on the Turkish Oil Corporation (TPAO), at a time when the country's industry is desperately short of foreign exchange and working far below full capacity.

Import burden

Turkey is not a major oil producer. Oil was first discovered in 1950, reaching peak production in 1969, when it totalled 3,623,192 tonnes (about 72,460 barrels/day). Since then output has been gradually declining and this year will probably total 3m tonnes (about 60,000 b/d). Its role in the Turkish economy, which is attempting to build up industry, is crucial. The effect of the rise in oil prices since 1973 has been devastating: as the accompanying table shows, Turkey has been forced to import more and more oil. This year the import burden will be an estimated $1.5bn

The governing authority is the Ministry of Energy, whose main operational arm, the TPAO, is all but 1 per cent government-owned. At present three foreign companies are operating: Shell, Mobil and Dorchester (Mobil purchases the whole of Dorchester's output). Ersan, a small private Turkish company, also produces oil. The foreign companies have contracts with the Ministry of Energy, under which they undertake to explore and develop wells in exchange for royalties of 12.5 per cent of income, to be paid either in cash or kind. Shell and Mobil started up in 1961, and Dorchester in 1967.

Until 1959, when Ersan made its first contribution, the TPAO provided all Turkey's oil production. Since then the Corporation's share of production has declined sharply reaching 27.8 per cent in 1972. Today it supplies about 36 per cent of total output.

Domestic production by both foreign and Turkish companies has, however, been increasingly unable to match domestic consumption. In 1969 Turkey was supplying 55 per cent of its own needs, last year this was down to 19 per cent, and if foreign estimates of the country's long-term production potential are accurate, it is likely that Turkey's dependence on foreign oil will increase.

The Turkish Government has not been tough enough in trying to cut back on unnecessary consumption according to most private sector estimates. Many of the cars on the streets are ageing, immensely thirsty American models of the 1950s and 1960s. Turkey's pump prices used to be the cheapest in Europe, and in spite of increases this September and last, petrol remains cheap at 11.70 Turkish lira per litre for premium grades (about 24p), and at TL8.50 (about 18p) for regular grades. (The cost of diesel fuel was simultaneously cut by one-quarter to reduce the inflationary impact on industry and transport.) Even so, these moves have caused political problems and provoked Mr. Suleiman Demirel, the opposition leader, into calling the Government of Mr. Bulent Ecevit "the architect of inflation."

Oil discoveries have centred on the south-east around Diyarbakir. At the end of 1977 TPAO had some 24 fields in operation: the main ones are Bati Raman (4,043 b/d in 1977), Raman (3,924 b/d) and Garzan (1,908 b/d). And at the end of last year it had some 307 production wells in operation, with 21 exploration rigs working and hopes of raising this number to 39 in 1979. Last year, it discovered fields at north and south Adiqaman, Bohikyayla, Sivritepe and Dodan whose total 1977 production amounted to 230,448 tonnes a year (about 4,600 b/d).

Ersan operates at Kahta, west of Diyarbakir, and its production has fluctuated considerably. It reached a peak of 74,375 tonnes in 1971 (about 1,500 b/d)

LOCAL OIL PRODUCTION

('000 tonnes)

	1975	1976	1977	1977 (Jan.-Aug)	1978 (Jan.-Aug.)
TPAO	1,101.6	1,030.1	1,070.1	699.5	629.1
Ersan	12.7	13.2	3.7	1.5	9.5
Shell	1,628.9	1,250.1	1,213.2	768.6	858.6
Mobil	352.7	301.8	340.8	224.1	191.0
Dorchester			85.2	56.3	47.4
TOTAL	3,095.5	2,595.3	2,713.0	1,750.1	1,735.6

OIL CONSUMPTION

('000 tonnes)

	1975	1976	1977
Local production	3,095.5	2,595.3	2,713.0
Imports	9,634.1	11,223.0	11,750.0
Total consumption	12,729.5	13,818.3	14,463.0

but has fallen considerably below that since. Shell's activities (in 1977 they involved 16 fields) are confined to an area north west of Diyarbakir in the south east, and two areas on the west coast, near the Aegean sea. It also shares a concession with TPAO near Adana on the south coast. It is currently producing from 16 fields, but production for this year is not likely to meet the increase of 15 per cent forecast by the company. Mobil's operations have centred on Bulgurdag, Silvivanka, and Selmo.

The long-term prospects for Turkish oil production would appear to be limited. The Turkish authorities feel, however, that a full assessment of its oil wealth has yet to be made. Thus under the next five-year plan, which covers the years 1979 to 1983, investment is to be concentrated more on evaluating than actually exploiting resources. According to the State Planning Office known reserves are put at 58m tonnes and possible reserves at between 400m and 600m tonnes. It projects production rates up to 1992 at 3m tonnes a year.

General estimates suggest that Turkey's oil reserves will last about 15 years, but the foreign oil companies believe that this is optimistic. When Shell's last exploration rig goes, TPAO will be the sole company still looking for oil.

Predictably, the Energy Ministry is far from happy at this state of affairs. One of its consistent complaints is that foreign companies have not really exerted themselves in seeking oil.

Foreign oil companies argue that commercially Turkish oil is not very attractive being mostly heavy with a relatively high sulphur content. Second, they argue the main production areas — around Diyarbakir in the south east — are in difficult terrain which makes it hard (and expensive) to locate, and any accumulations of oil which are found are likely to be small and not very prolific. Government officials talk of mid-Anatolia as a possible source of future discoveries. The foreign oil companies believe that if oil is to be discovered the most likely area is offshore in the Aegean Sea.

In the summer of 1976, Greece and Turkey almost went to war after the despatch of the Turkish oil survey vessel Sismik I into disputed offshore areas. Since then exploration has been confined to uncontested waters. But although TPAO has been pressing on with exploration—it claimed to have drilled 96 wells in 1977—the ratio of finds to wells drilled has been extremely low.

It has also been severely handicapped by the lack of foreign exchange. It has, for example, been unable to take delivery of four Romanian drilling rigs due to lack of currency.

Is there any chance of the decline in Turkey's oil output being reversed? The World Bank has concluded a study in which it recommends the adoption of secondary methods of recovery. But associated gas is out because, with the exception of a field in the west of the country, most fields contain high proportions of carbon dioxide. Any other means of recovery—steam or water—would require considerable capital outlays which are beyond Turkey's current financial capabilities.

Turkey's shortage of foreign currency has also hindered its relations with the oil companies and Iraq. The ATAS refinery at Mersin is operated by Mobil (which has a 51 per cent shareholding in the company), Shell (27 per cent), and BP (17 per cent). The refinery has been running at only 40 per cent of capacity since oil imports from Mobil, Shell and BP were halted at the end of February as a result of the Turkish Government's failure to pay some $169m for previously imported crude. The companies also complain of problems in remitting profits home.

BP is keen to end its involvement with the ATAS refinery and negotiations on withdrawal have been taking place with the Government.

In the short term, Turkey has succeeded in concluding agreements on oil imports with the Soviet Union, Iraq, Iran and Libya, which according to Mr. Beykal, the Energy Minister, should cover the country's oil requirements until the end of next year. The first with the Soviet Union is an agreement to provide 3m tonnes a year against the equivalent of 2m tonnes a year of wheat. The second with Iraq involves the rescheduling of a debt of $234m and the delivery of 1.6m tonnes of wheat and other commodities between 1979 and 1983 against the guarantee of 5m tonnes of oil to be supplied next year.

It had been hoped that the opening last year of the pipeline linking Kirkuk in northern Iraq and Dörtyol on the Gulf of Iskendenur, with a capacity of 35m tonnes a year, might help ease Turkey's oil problems. But pumping was halted at the beginning of the year because of differences over transit royalties—two thirds of its 980km length passes through Turkey. The effect of the building of the Karakaya and Keban II dams across the Euphrates on water supplies reaching Iraq has also caused political problems.

Pumping was eventually resumed at a rate of 15m tonnes a year, but a fire caused by an explosion has further delayed its operation. Some 35,000 tonnes of oil were lost. Repair work should have been completed at a cost of TL 40m (£833,000) at the end of last month.

Vulnerable

Last July, Iran agreed to supply 1m tonnes of crude oil and 0.5m tonnes of oil products from the Abadan refinery in return for such commodities as cement, glass and meat. Libya has also agreed to provide 3m tonnes of oil next year.

These imports of 12m tonnes of oil taken with domestic production of about 3m tonnes should just about cover Turkey's needs for next year, particularly if economic activity remains at its present low level. But this technique of covering the costs of oil supplies through barter is clearly a risky one, dependent as it is to a large extent on good harvests. It illustrates graphically, too, just how vulnerable Turkey is in the energy sector which is so crucial to its economy as a whole.

مكانها الأصل

WORLD STOCK MARKETS

Leading Wall St stocks react in early trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—78% (80%)

ective $1.9987 36¾% (39½%)

ER WEDNESDAY'S sharp re-nd on the dollar support es, Wall Street Blue Chip and mour issues were inclined to t on profit-taking early yes-day. However, stocks overall e firmer for choice, and the ular issues picked up around session. The morning's ing was again heavy.

losing prices and market eports were not available for this edition.

he Dow Jones Industrial rage, after a record day's rise 35.34 the previous day, came k 9.53 to 818.26 at noon, but recovered to 825.19 at 1 pm a net decline of only 2.60. The E All Common Index was cents down on balance at 57, after touching $53.35. ough gains held an edge over at 1 pm by about a four-to-three margin. Turnover amounted to 29.93m shares, compared with 33.49m at 1 pm on Wednesday.

Analysts said that Wednesday's euphoria had faded as investors faced the prospects of double digit inflation, higher interest rates and heightened fears of a recession, although they added a reaction was expected after the previous day's record one-day stock market advance.

The Labour Department reported that wholesale prices rose a seasonally adjusted 0.9 per cent in October for the second straight month, a double digit annual rate.

A number of economists are suggesting the strong dollar support measures have increased the chances of a recession, although the White House disagrees.

Du Pont came back 2¾ to $125¾, Boeing 1⅞ to $62⅞, Smithkline 2 to $84¼, Xerox $1 to $53, Polaroid 1⅞ to $37⅞ and Eastman Kodak 1⅞ to $59.

IBM, which said production build-up costs and inflation are weakening its earnings comparisons, lost 6¾ to $269¾. Sears slipped ¾ to $20⅞, J. C. Penney ¾ to $32⅞ and K Mart ¾ to $25. Penney and K Mart reported strong October sales increases, but Sears' sales declined.

A number of Gold issues lost further ground, but Dome Mines added 1⅞ to $72⅞ and Rosario Resources put on ⅞ to $18⅞. Rosario has acquired 90 per cent of the oil and gas-related assets of Millican Oil.

Scoa Industries climbed ⅞ to $27 on plans for a three-for-two stock split and a higher quarterly dividends, but Halliburton lost 1⅞ to $68 despite reporting higher third-quarter profits.

THE AMERICAN SE Market Value Index continued its recovery, adding 1.42 at 144.84. Volume 3.77m shares (4.84m).

New Mexico and Arizona Land topped the actives list, gaining ⅞ to $9⅞.

Canada

Shares showed a downward tendency in active trading yesterday morning, following the previous day's marked advance. The Toronto Composite Index, up 20.7 on Wednesday, shed 3.8 to 1,253.7 at mid-day. Metals and Minerals retreated 22.3 to 1,097.4, Golds 16.6 to 1,351.6 and Banks 0.76 to 292.21. Oils and Gas, however, gained 7.2 more to 1,327.0.

Horne and Pitfield Foods, which is to merge with a unit of M. Loeb on November 4, shed ⅞ to C$13⅞.

Maclean-Hunter "A" added ⅞ to C$16⅞ on higher third-quarter earnings and Imasco "A" ⅞ to C$36 on a dividend increase.

Tokyo

Share prices moved ahead yesterday in fairly active trading as the market reacted favourably to the U.S. dollar defence measures, but late profit-taking pared some gains.

The Nikkei-Dow Jones Average recorded an improvement of 23.45 at 5,895.87, while the Tokyo SE index put on 1.84 to 438.25. Volume 320m shares (440m).

Export-related issues were actively bought, reflecting the strong recovery of the U.S. dollar on foreign exchange markets.

Real Estates also performed well, while Pharmaceuticals, after Wednesday's dullness, staged a recovery, and Machinery and Paper concerns were also higher, but Petroleums, Foods and Constructions ended on an easier note.

Among exporters, Sony rose Y60 to Y1,420, Pioneer Electronic Y90 to Y1,530, Toyota Motor Y9 to Y852 and Asahi Optical Y25 to Y490.

Matsushita Electric put on Y8 to Y755 on investor expectations of the company making record profits in its current fiscal year to November 20.

Kaken Chemical rose Y220 to Y1,920, Matsushita Seiko Y70 to Y1,230, Kokuyo Y70 to Y1,440 and Makita Electric Y60 to Y1,180, but Yoshihara Oil Mill fell Y61 to Y402, Totoku Electric Y42 to Y208, Arabian Oil Y40 to Y1,060, Nissin Oil Mill Y39 to Y552 and Marudai Food Y29 to Y861.

Germany

Stocks, after the previous day's easier tone, moved strongly forward over a wide front on U.S. dollar considerations, with the Commerzbank Index climbing to 836.9 from Tuesday's closing level of 829.1. The index was unavailable on Wednesday due to the All Saints Day holiday.

Among Engineerings, MAN rose DM 7.50 and GHH DM 6.30, while Banks had Bayerische Hypobank up DM 8, Deutsche Bank DM 5.40 higher and Bayerische Vereinsbank DM 10.80 stronger. In Motors BMW gained DM 2.80, while Hoechst added DM 2.70 in Chemicals.

The Domestic Bond market was easier on fears that the U.S. dollar support measures could prompt a large outflow of foreign capital from Germany. State Loans eased up to 40 pfennigs.

Paris

Shares also moved sharply higher on the Paris Bourse in line with overnight Wall Street and the dollar rally, with the Industrial index gaining 1.8 to 79.8.

Foods was the brightest sector, with Pernod-Ricard advancing 12.4 to FFrs 307.5 and Carrefour 45 to FFrs 2,135.

In Engineering, Poclain were unquoted at one point due to an influx of buying orders and finished 14.9 up at FFrs 225.0.

Creusot-Loire rose 2 to FFrs 67 in Metals and Rhone-Poulenc 4.4 to FFrs 122.4 in Chemicals.

L'Oreal moved ahead 13 to FFrs 757 on announcing higher first-half consolidated profits.

Elsewhere, Michelin "B" climbed 45 to FFrs 1,295 and Pechiney 4.3 to FFrs 91.9.

Australia

Markets took a sharp turn for the better yesterday in active trading, buoyed by the overnight Wall Street upsurge and the latest cut in domestic interest rates.

Traders were also recording a vote of confidence for President Jimmy Carter's save-the-dollar package, a stronger dollar being particularly good news for the exporting resources stocks, including diversified groups like BHP and CSR.

BHP jumped 28 cents to A$8.16, while CSR added 7 cents at A$3.27.

Western Mining rose 9 cents to A$1.70 on reports that agreement has been reached with the Western Australian Government on the level of royalty payments from the Yeelirrie uranium mine.

CRA forged ahead 22 cents to A$3.47, partly on the dollar news and partly on a rumour that a large diamond has been found on the Ashton diamond prospect. Other speculative diamond seekers scored good percentage gains in sympathy, Audimco rising 7 cents to 62 cents and Carr Boyd 4 cents to 44 cents.

Elsewhere in Minings, MIM advanced 12 cents to A$2.44 and BH South 4 cents to A$1.50, but the downturn in Gold prices caused Central Norseman to retreat A$1.45 to A$13.45 and Bougainville 4 cents to A$1.55.

Banks went better on reports that their moves to reduce the standard overdraft rate by half a point to 10 per cent would probably be matched by a reduction in building society lending and borrowing rates. BNS Wales put on 6 cents more to A$7.10.

These reports cheered the Builders and the Building Material suppliers, which have been depressed recently.

Retailers, Breweries and Textiles also hardened in the cheerful trading conditions, but Oils, after recent all-round weakness, managed only a mixed showing.

Indices

NEW YORK—DOW JONES

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26	Oct. 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	827.79	792.45	811.85	806.05	821.13	850.21	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	86.67	86.70	86.89	87.24	87.24	87.51	90.86 (4/1)	86.67 (1/11)	—	—
Transport	215.05	208.71	218.04	212.26	217.69	221.81	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.55	97.33	98.07	98.92	100.47	101.95	110.45 (5/1)	97.33 (31/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	59,450	42,880	53,430	40,650	31,850	51,380	—	—	—	—

* Basis of Index changed from Aug. 24 ● Day's high 831.69 low 805.68

	Oct. 27	Oct. 20	Oct. 13	Year ago approx.
Ind. div. yield %	5.89	5.67	5.29	5.49

STANDARD AND POORS

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26	Oct. 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	107.76	105.42	105.61	104.35	106.65	107.92	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	96.85	93.15	95.06	94.59	96.05	97.51	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 25	Oct. 18	Oct. 11	Year ago (approx.)
Ind. div. yield %	5.09	4.93	4.69	4.84
Ind. P/E Ratio	9.05	9.54	9.81	9.12
Long Gov. Bond yield	8.67	8.65	8.58	7.78

N.Y.S.E. ALL COMMON

Nov. 1	Oct. 31	Oct. 30	Oct. 27	1978 High	1978 Low
53.79	51.67	52.65	52.62	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Nov. 1	Oct. 31	Oct. 30
Issues traded	1,929	1,935	1,962
Rises	1,506	483	435
Falls	241	1,129	1,293
Unchanged	182	323	234
New Highs	3	nil	7
New Lows	75	120	590

MONTREAL

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	1978 High	1978 Low
Industrial	208.61	202.64	202.57	202.85	222.14 (11/10)	162.80 (16/2)
Combined	215.29	209.68	209.74	210.04	226.61 (12/10)	170.62 (30/1)
TORONTO Composite	1265.5	1245.6	1220.7	1225.9	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	243.5	260.2	264.5	260.2	272.0 (14/8)	155.0 (2/3)
Industrial	281.8	280.7	278.8	275.3	281.8 (1/11)	194.9 (13/3)

	Nov. 2	Pre-vious	1978 High	1978 Low
Australia (*)	539.61	531.53	559.19 (22/8)	411.19 (1/2)
Belgium (‖)	97.31	(u)	101.16 [illegible]	90.45 [illegible]
Denmark (**)	90.34	89.12	96.95 (14/5)	88.08 (30/10)
France (††)	79.8	(u)	85.0 (4/10)	47.0 (6/2)
Germany (‡‡)	836.9	(u)	865.2 (19/10)	769.4 (11/3)
Holland (§§)	84.1	81.2	92.1 (11/8)	[illegible]
Hong Kong (¶¶)	560.50	577.21	707.70 (4/9)	383.4 (13/1)
Italy (‖‖)	72.35	(u)	82.5 [illegible]	55.46 [illegible]
Japan (a)	438.25	436.41	438.25 (2/11)	364.04 (13/10)
Singapore (b)	363.96	359.06	414.70 (8/9)	292.0 (9/1)

	Nov. 2	Pre-vious	1978 High	1978 Low
Spain (d)	96.32	(u)	110.26 (19/1)	87.23 (11/10)
Sweden (e)	369.21	365.97	409.68 (4/10)	332.14 (3/1)
Switzerld (f)	282.1	282.5	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standard and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan-Amer. Airwys.	478,200	7⅞	+1
Ramada Inns	465,200	9⅞	+⅞
General Motors	458,400	62	+3½
RCA	457,000	27⅛	+3⅛
Bally Mfg.	449,400	40⅞	−4⅞
Boeing	422,500	64	+5½
UAL	355,200	33⅞	+3⅞
American Mtrs.	337,400	5⅞	+⅞
Polaroid	330,200	49⅛	−4⅞
Citicorp	325,900	25⅞	+1⅞

NEW YORK

Stock	Nov. 1	Oct. 31
t Labr.	32¾	31⅝
esograph	23⅛	20⅝
Life & Cas	37⅞	36¾
roducts	27⅛	24⅝
Aluminium	34	32⅝
[illegible]	46⅞	45
Ludlum	15⅞	14¼
beny Power	17	16⅞
Chemical	31⅞	30⅝
Stores	23	22¼
Chalmers	29½	28⅝
x	44⅝	43½
ana Hess	25¾	23⅞
Airline	13⅜	12¼
Brands	50⅜	47½
Broadcast	37¼	35¼
Can	36	36
Cyanamid	26	24½
Dist. Tel.	25¾	24⅝
Elect. Pow	21½	21⅜
Express	32⅝	31⅞
Home Prod.	28¾	27⅛
Medical	20⅛	18⅛
Motors	5⅜	5
Nat. Gas	38½	39½
Standard	43⅛	41⅝
Stores	31½	30¼
Tel. & Tel.	61⅝	60⅛
ek	30	27⅝
[illegible]	17⅝	16⅛
[illegible]	32¾	31⅝
x	12⅜	11⅞
r Hocking	26⅛	26⅛
user Busch	22⅞	22¼
[illegible]	19	18¼
[illegible]	25⅝	28¼
era Oil	13⅛	13
[illegible]	14⅛	13⅛
nd Oil	42¼	40⅛
chenheld	53¼	49¾
Data Pro.	30¼	29¾
[illegible]	9	8⅞
[illegible]	23⅜	21⅛
Products	56	55½
Bay Elect.	24½	24¼
r Foods	20½	18½
America	25⅞	24½
ers Tr. N.Y.	34⅝	34⅜
Oil	21¼	21¼
r Travenol	58⅝	57½
ice Foods	24⅝	24
n Dickinson	32⅜	30½
Howell	17	16½
x	35⅝	35⅜
el Cons 'B'	3⅝	3⅞
ehem Steel	21½	19⅞
& Decker	17½	16⅛
g	64	58½
Cascade	28¼	27
n	27⅛	26
Warner	29½	27¾
f Int.	13⅛	12
ol 'A'	14⅛	13¾
Myers	33⅝	31½
A Dist. R.	17⅝	17¼
way Glass	28¼	27⅜
wick	13⅞	15⅜
rus Erie	16⅞	16
a Watch	6⅝	7
ngton Nthn.	38⅞	37½
ugh	74⅝	69⅞
bell Soup	34½	34⅝
dian Pacific	19⅝	19½
Randolph	9½	9⅛
tion	28⅛	27¼
er & General	11	10⅞
Hawley	16¾	16
pillar Tract	59	55⅛
[illegible]	53⅝	51½
ese Corpn.	40	39½
ral & S.W.	15	14⅜
inteed	18½	18⅝
ss Aircraft	37½	36½
mpion Inter.	21⅛	20⅞
Manhattan	31	30¼
mical Bk. N.Y.	39	38¾
brough Pond	23⅛	22
ie System	27¼	27
go Bridge	53⅛	53
sler	10½	10
Milacron	28⅞	26¼
orp	45¾	44⅝
s Service	53¾	52½
Investing	14⅝	13⅝
eland Cliff	26¾	26¾
Cola	43½	40⅞
ate Palm	17⅛	17⅛
ns Aikman	9⅝	9⅛
mbia Gas	26⅝	26
mbia Pict.	17⅛	14⅞
Ins. Co. of Am	16⅝	16½
bustion Eng.	36¼	35⅝
bustion Eq.	11⅝	10⅝
with Edison	25¼	24¾
m. Satellite	39⅝	37⅞
puter Science	11¼	10
Life Ins.	36⅛	34¾
ac	15¼	15½
Edison N.Y.	22¼	22⅞
ol Foods	23⅝	23¼
ol Nat Gas	35	34¾
umer Power	22½	21½
inental Grp.	28½	28¼
inental Oil	26⅝	25⅝
inental Tele	14⅞	14⅞
rol Data	34⅛	31
er Indus.	45½	44
Corning Glass	57	54
CPC Int'national	48⅝	48¼
Crane	27½	25¾
Crocker Natl.	25½	25¼
Crown Zellerbach	33⅞	32⅝
Cummins Engine	31	29½
Curtiss Wright	14	13
Dana	27⅞	27½
Dart Industries	38⅞	37¾
Deere	33⅛	30⅞
Del Monte	39⅛	39
Deltona	9⅛	8⅝
Dentsply Inter.	15¼	15⅜
Detroit Edison	14¾	14¾
Diamond Shamrk	22¼	20⅝
Dictaphone	14¼	12⅛
Digital Equip	49¾	45⅜
Disney (Walt)	38½	36⅝
Dover Corpn	42¼	41¾
Dow Chemical	28¼	26⅛
Dravo	26¼	25⅝
Dresser	40½	39⅛
Dupont	127⅞	120
Eagle Pitcher	21⅜	21
East Airlines	9⅛	8⅞
Eastman Kodak	60¾	56
Eaton	37	36½
E. G. & G.	27¾	26⅝
El Paso Nat. Gas	15	14⅝
Eltra	26¼	25
Emerson Electric	34⅝	33¾
Emery Air Freight	20¾	21
Emhart	34	32⅝
E.M.I.	3	3
Engelhard	27	25⅛
Esmark	25⅛	24¾
Ethyl	21½	20⅝
Exxon	49¾	48
Fairchild Camera	29⅜	27
Fed. Dept. Stores	34½	33
Firestone Tire	12⅝	12¼
Fst. Nat. Boston	26½	26¼
Flexi Van	16¼	14⅜
Flintkote	27¾	27⅛
Florida Power	30⅝	30¼
Fluor	34½	33⅛
F.M.C.	23⅝	23¼
Ford Motor	41⅞	40
Foremost Mck.	18½	17⅝
Foxboro	33⅛	33
Franklin Mint	7⅜	6⅞
Freeport Minerals	24⅜	23⅝
Fruehauf	29⅛	28⅛
Fuqua Inds	9	8¾
G.A.F.	10⅛	10
Gannett	45¼	41⅝
Gen. Amer. Inv.	10	9⅛
G.A.T.X.	26⅛	26
Gen. Cable	15⅛	14½
Gen. Dynamics	69½	65
Gen. Electric	50¾	47½
Gen. Foods	32⅛	31⅛
General Mills	30⅛	28¾
General Motors	62⅛	58½
Gen. Pub. Util.	17⅛	16⅞
Gen. Signal	27¾	26⅜
Gen. Tel. Elec.	28⅝	28
Gen. Tire	24⅛	23½
Genesco	4⅝	4¼
Georgia Pacific	27½	27
Geosource	23¼	22
Getty Oil	38¼	36½
Gillette	27	25½
Goodrich B. F.	18½	18
Goodyear Tire	16	15⅛
Gould	28⅝	27⅜
Grace W. R.	30¼	29¾
Grt. Atlan Pac Tea	5½	5¼
Grt. North Iron	25½	25¼
Greyhound	11⅞	11⅛
Gulf & Western	12⅝	11⅞
Gulf Oil	23⅛	22½
Halliburton	69½	66¾
Hanna Mining	31⅞	30⅝
Harnischfeger	15½	14¾
Harris Corpn	32⅝	30
Heinz H. J.	37½	36⅝
Heublein	27⅛	26¾
Hewlett Packard	84¾	77⅛
Holiday Inns	19¼	17
Homestake	35¼	35¼
Honeywell	65⅝	59½
Hoover	10⅞	10½
Hosp. Corp. Amer	28½	27⅜
Houston Nat. Gas	23⅛	21¾
Hunt (Ph. A.) Chm	11½	11
Hutton (E.F.)	16⅝	14⅝
I.C. Industries	26¼	25
INA	37¾	36½
Ingersoll Rand	55½	54
Inland Steel	35¼	34⅞
Insilco	13¾	13
IBM	276.25	264.12
Intl. Flavours	22⅞	21½
Intl. Harvester	34⅝	32⅝
Intl. Min & Chem	36¾	36⅞
Intl. Multifoods	18⅝	18
Inco	17¾	16¾
Intl. Paper	42	40
Intl. Rectifier	10¼	9⅝
Intl. Tel. & Tel.	28⅝	26⅞
Iowa Beef	36½	35½
IU International	11⅝	10⅞
Jim Walter	27½	26¾
Johns Manville	26½	26⅜
Johnson Johnson	77½	73⅜
Johnson Control	24⅝	24
Joy Manufactur'g	29⅛	28⅛
K. Mart Corp.	25⅝	25
Kaiser Aluminium	35½	33⅝
Kaiser Industries	2⅛	2
Kaiser Steel	21⅜	20⅛
Kay	12½	11¾
Kennecott	24½	23½
Kerr McGee	44¼	41⅞
Kidde Walter	30¼	28⅞
Kimberly Clark	45¾	44⅝
Koppers	20	19¼
Kraft	44⅝	44¼
Kroger Co.	33	31¾
Leaseway Trans.	31	30½
Levi Strauss	33	31½
Libby Ow. Ford	24⅞	24¼
Liggett Group	31½	30¼
Lilly (Eli)	44⅛	43⅜
Litton Indust.	23	21⅞
Lockheed Aircr'ft	21¼	18⅝
Lone Star Indust	21¼	20⅞
Long Island Ltd.	17⅜	17⅛
Louisiana Land	21¼	20¼
Lubrizol	42¼	41½
Lucky Stores	14¼	14
L'ke Y'ngst'wn	7½	7⅛
MacMillan	9⅝	8½
Macy R. H.	37⅝	36⅛
Mfrs. Hanover	35¼	34
Mapco	29⅝	28
Marathon Oil	51½	48⅞
Marine Midland	15½	14¾
Marshall Field	17⅝	16½
May Dept. Stores	23⅝	23¼
MCA	36	34¼
McDermott	23¾	22⅝
McDonnell Doug	28¾	26½
McGraw Hill	21¼	21⅝
Memorex	32	27½
Merck	60¾	56
Merrill Lynch	17⅝	15¼
Mesa Petroleum	28⅛	27½
MGM	40¾	36¼
Minn Ming & Mtg	59⅞	57⅛
Mobil Corp.	67	64¼
Monsanto	52	50⅝
Morgan J. P.	47	46
Motorola	44¾	42½
Murphy Oil	45¼	45½
Nabisco	26½	25½
Nalco Chemicals	26	26
National Can	15½	14½
Nat. Distillers	19½	19½
Nat. Service Ind.	14⅛	15
National Steel	30½	29⅛
Natomas	40¾	37
NCR	60¾	57½
Neptune Imp.	20	20
New England E.	21⅞	21½
New England Tel	31⅞	31½
Niagara Mohawk	14¼	14¼
Niagara Share	10	10⅛
N. L. Industries	19⅞	18⅞
Norfolk & Western	22	20⅝
North Nat. Gas	35¼	34½
Nthn. States Pwr	23⅜	23⅝
Nthwest Airlines	26¾	24⅛
Nthwest Bancorp	25½	23½
Norton Simon	16¾	16
Occidental Petrol	16¼	15¾
Ogilvy Mather	21	21¼
Ohio Edison	16¾	16⅛
Olin	21⅜	21¼
Overseas Ship	23¼	22¾
Owens Corning	29½	28⅛
Owens Illinois	19⅝	19½
Pacific Gas	22	22½
Pacific Lighting	20⅝	20⅛
Pan Pwr. & Lig.	19½	19⅜
Pan Am World Air	7⅝	6⅞
Parker Hannifin	25	24⅝
Peabody Intl.	22⅜	21¼
Pen. Pw. & L.	19⅞	20
Penny J. C.	33⅝	32
Pennzoil	28⅜	27¾
Peoples Drug	10½	10
Peoples Gas	32⅝	31⅞
Pepsico	27⅝	26⅛
Perkin Elmer	23¼	21⅝
Pet	54¾	54¼
Pfizer	34⅛	32⅛
Phelps Dodge	22⅝	24⅝
Philadelphia Ele	17½	17
Philip Morris	70⅛	67½
Phillips Petro'm.	30	29⅞
Pillsbury	39¼	38⅝
Pitney Bowes	24¾	23½
Pittston	18¼	17½
Plessey Ltd ADR	21¼	21⅞
Polaroid	49⅛	44⅝
Potomac Elec.	14	13¾
PPG Industries	27⅝	26⅛
Procter Gamble	85¼	82½
Pub. Ser. Elect.	21¼	21½
Pullman	36½	34¾
Purex	16⅛	16
Quaker Oats	22⅜	22
Rapid American	13	12
Raytheon	47¼	45⅛
RCA	27⅛	25⅞
Republic Steel	23⅝	22¾
Resorts Intl.	38⅝	35
Revlon	50¼	46¼
Reynolds Metals	34¾	32⅛
Reynolds R. J.	57⅝	56½
Rich'son Merrell	23	21½
Rockwell Inter.	32⅝	31⅝
Rohm & Haas	34¼	33¼
Royal Dutch	61	62⅛
RTE	11⅛	10½
Russ Togs	10⅝	10¼
Ryder System	23¼	21⅞
Safeway Stores	42	41¼
St. Joe Minerals	27¼	26
St. Regis Paper	29¾	28¾
Santa Fe Inds.	53	50½
Saul Invest.	5½	5
Saxon Inds.	6	5
Schlitz Brewing	10¾	9⅝
Schlumberger	90	84½
SCM	18⅛	17½
Scott Paper	14¾	14⅛
Scovill Mfg.	19¾	18⅛
Scudder Duo Cap	7¼	7
Sea Container	19¾	18
Seagram	25⅝	24⅝
Searle (G.D.)	11⅞	11
Sears Roebuck	21	20¼
SEDCO	33⅝	31½
Shell Oil	32	32
Shell Transport	46	47¼
Signal	45¾	42¾
Signode Corp.	34½	33¾
Simplicity Pat	9¼	8½
Singer	15	14
Smith Inter.	43⅝	40½
Smith Kline	86¼	75¾
Solitron	3⅛	2⅝
Southdown	31	30
Southern Cal. Ed	24⅜	23⅝
Southern Co.	14½	14
Sthn. Nat. Res.	31½	30½
Southern Pacific	29	27½
Southern Railway	48	47
Southland	28½	28⅛
S'w't Bankshares	25⅛	25
Sperry Hutch	16	15¼
Sperry Rand	42⅞	40
Squibb	28¼	27
Standard Brand	25⅞	25½
Std. Oil California	44¼	45½
Std. Oil Indiana	50⅝	50
Std. Oil Ohio	37½	34¼
Stauff Chemical	42⅝	41¾
Sterling Drug	15	14½
Studebaker	36¾	34¾
Sun Co.	38½	37⅞
Sundstrand	43½	41½
Syntex	31½	28⅝
Technicolor	10⅝	9½
Tektronix	42⅝	39½
Teledyne	90⅝	84
Telex	5½	4
Tenneco	30⅞	30¼
Tesoro Petroleum	8¼	7⅜
Texaco	22	22⅝
Texasgulf	21⅜	20¼
Texas Eastern	34½	33⅛
Texas Inst'm	82½	79¾
Texas Oil & Gas	27⅛	25¾
Texas Utilities	18⅛	18¼
Times Inc.	43	42
Times Mirror	30¼	29½
Timken	46¾	46¼
Trane	39⅞	38½
Transamerica	16	15⅞
Tranco	18¾	17½
Tran Union	31½	31
Tranway Intrn	22¼	21½
Twin World Air	19	16¾
Travelers	32	32
Tri Continental	18	17¼
Triton Oil & Gas	4⅛	3½
TRW	36⅝	35⅞
20th Century Fox	29½	27⅛
U.A.L.	33½	30⅞
UARCO	35¾	35⅞
UGI	19¼	18½
Unilever	44½	45⅜
Unilever NV	60½	61¼
Union Bancorp	24¾	24⅞
Union Carbide	36½	35¼
Union Commerce	8⅛	8
Union Oil Calif.	51⅞	49⅛
Union Pacific	55⅝	53¾
Uniroyal	6⅞	5⅞
United Brands	9⅛	8⅞
US Bancorp	27¾	27½
US Gypsum	27⅝	25
US Shoe	22⅛	22¼
US Steel	24⅝	23⅝
US Technologies	40⅛	37⅞
UV Industries	17⅛	17⅛
Virginia Elect.	14½	14
Walgreen	26¼	24¾
Warner Commun.	41⅞	40
Warner Lambert	25⅝	25⅛
Waste Man'ment	25	23¾
Wells Fargo	28½	27⅛
Western Bancorp	24⅛	24¼
Western N. Amer	22¾	21¾
Western Union	16⅝	15½
Westinghouse Elec	17⅝	16⅞
Westvaco	25¼	24⅛
Weyerhaeuser	27⅜	26⅝
Whirlpool	20⅞	20⅛
White Con. Ind.	18⅝	17⅛
William Co.	16⅛	16¼
Wisconsin Elect.	25½	26⅜
Woolworth	19	18⅛
Wyly	4⅝	5¼
Xerox	54	50⅞
Zapata	12¾	11½
Zenith Radio	13½	12⅞
U.S. Treas. 4% 1980	†94½	†94
U.S. Treas. 4¼% 75/85	†79⅝	†79⅜
U.S. 90-day bills	8.82%	8.73%

CANADA

Stock	Nov. 1	Oct. 31
Abitibi Paper	16⅝	16⅝
Agnico Eagle	5¾	5½
Alcan Aluminium	39⅛	38
Algoma Steel	25⅜	24⅞
Asbestos	44¾	44¾
Bank of Montreal	24	23¾
Bank Nova Scotia	22	21⅛
Basic Resources	3.85	3.75
Bell Telephone	61⅛	61
Bow Valley Ind.	17	15½
BP Canada	17½	17½
Brascan	16⅝	16
Brinco	8.50	8.50
Calgary Power	38	38⅛
Camflo Mines	13¾	14⅛
Canada Cement	12⅜	12½
Canada NW Land	8¾	8⅛
Can. Imp. Bk. Com	29	29⅛
Canada Indust.	21½	21½
Can. Pacific	22½	22⅝
Can. Pacific Inv	22	21½
Can. Super Oil	61	60½
Carling O'Keefe	4.25	4.20
Cassiar Asbestos	9¼	9
Chieftain	19½	19½
Cominco	33⅞	32⅞
Cons. Bathurst	35½	35¼
Consumer Gas	17½	17⅛
Coseka Resources	5.12	5.00
Costain	11½	11⅝
Daon Devel.	12½	12½
Denison Mines	33	31½
Dome Mines	83	91
Dome Petroleum	72½	69½
Dominion Bridge	28½	28
Domtar	22½	22⅝
Dupont	15½	15¼
Falcon'ge Nickel	34⅝	35¼
Ford Motor Can.	77	77½
Genstar	35⅞	35
Giant Yell'knife	11½	13¼
Gulf Oil Canada	31	31
Hawker Sid Can	8	8
Hollinger	40¼	40½
Home Oil 'A'	41	40½
Hudson Bay Mng	22¾	22⅛
Hudson Bay	21	20⅝
Hudson Oil & Gas	40⅝	40½
I.A.C.	12½	12⅞
Imasco	35¾	35⅜
Imperial Oil	21⅛	21⅛
Inco 'A'	20½	19⅞
Indal	14	14
Inland Nat. Gas	11	11⅛
Int. Pipe Line	17	17½
Kaiser Resource	15⅞	15½
Lauri Fin. Corp.	8	7¾
Loblaw Com. 'B'	4.50	4.35
McMill'n Bloed	23⅝	23
Massey Ferguson	11½	11⅝
McIntyre	24½	24¼
Moore Corpn.	35½	34¾
Mountain State R	2.75	2.80
Noranda Mine	35¼	34
Norcen Energy	15¾	15½
Nth. Telecom	36½	35
Numac Oil & Gas	24⅝	22¼
Oakwood Pet'm	4.00	3.85
Pacific Copper M	1.82	1.66
Pacific Petroleum	40½	36¾
Pan. Can. Pet'm	54	53¾
Patino	20½	20½
Peoples Dept. S.	5¾	5.50
Place Gas & Oil	1.65	1.55
Placer Developmt	26¼	25½
Power Corporat'n	18⅝	18¼
Price	23	23
Quebec Sturgeon	1.41	1.60
Ranger Oil	14⅛	13½
Reed Stenhouse	11	11
Rio Algom	36¼	36⅛
Royal Bk. of Can	35¼	35
Royal Trust	18⅛	18
Sceptre Resources	6½	6
Seagram	30	28½
Shell Canada	15⅛	15
Sherritt G. Mines	8	7⅝
Siebens O. R.	37½	37½
Simpson	6½	6⅝
Steel of Canada	27⅜	27¼
Steep Rock Iron	3.65	3.65
Texaco Canada	45	44¾
Toronto Dom. Bk	21⅜	21¼
TransCanPipeLn	18⅛	17⅜
Trans Mount Pipe	8⅞	9
Trizec	15⅛	15⅛
Union Gas	11	10⅞
Utd Siscoe Mines	8	7⅛
Walker Hiram	37	36½
West Coast Trans	11⅝	11⅜
Weston (Geo.)	18⅞	18⅝

† Bid. ‡ Asked. § Traded. ‖ New stock

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

Nov. 2	Price DM	+ or −	Div. %	Yld. %
AEG	83.5	−2.5	—	—
Allianz Versich.	492	+2.5	31.2	3.2
BMW	225.9	+2.8	28.08	6.3
BASF	157	−3	18.76	6.9
Bayer	140.8	−2.2	18.75	6.7
Bayer-Hypo	321	+8	28.12	4.4
Bayer Verein'bk	324.8	+10.8	18	2.8
CibaGeigy Neu't's	165			..
Commerzbank	232.0	+3.4	26.56	5.7
Conti Gummi	70.0	+2.2		
Daimler Benz	345.5	+3.0	28.12	4.1
Degussa	259.0	−3.9	17	3.3
Demag	160.0	−2.5	11	3.1
Deutsche Bank	311.4	+5.4	28.12	4.5
Dresdner Bank	249.0	−2.6	28.12	5.6
Dyckerhoff Zem't	175	..	9.36	2.7
Gutehoffnung	241.5	+6.3	12	2.5
Hapag Lloyd	93.0	−2.5	14.04	7.5
Harpener	161	−4	15.75	10.4
Hoechst	136.3	+2.8	18.75	6.9
Hoesch	51.2	+2.2		
Horten	161.0	+4.3	9.36	2.9
Kali und Salz	145.5	+3.5	14.04	4.9
Karstadt	327	+4	23.44	3.6
Kaufhof	252.5	+3.5	18.72	3.7
Klockner DM100	97.0	+4.3	—	—
KHD	201.0	+6.8	18.76	4.7
Krupp	103	−3	—	—
Linde	283.0	+7.5	25	4.4
Lowenbrau DM100	1,570	+10	25	8.0
Lufthansa	95	−4	9.36	4.9
MAN	229.0	+7.6	12	2.6
Mannesmann	179	+5	18.18	4.8
Metallges	248	+5	10	2.00
Munchener Rueck	653	...	18	1.4
Neckermann	166.0	+1.5	—	—
Preussag DM100	140.0	−3.5	—	—
Rhein West. Elect.	160.0	+1.1	25	6.9
Schering	262.0	+4.5	28.12	5.4
Siemens	298.5	+4.0	25	4.2
Sud Zucker	263	+5	26.56	5.1
Thyssen A.G.	120.7	+2.7	17.18	7.2
Varta	187	−1	17.18	4.6
VEBA	129.8	+2.3	9.38	3.6
Vereins & West Bk	297	−1	18	3.0
Volkswagen	245.5	+2.7	25	5.1

TOKYO ¶

Nov. 2	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	345		14	2.0
Canon	441	+17	12	1.3
Casio	945	−2	25	1.6
Chinon	580	−20	20	2.5
Dai Nippon Print	621	−1	18	1.5
Fuji Photo	539	+13	15	1.4
Hitachi	223	+2	12	2.7
Honda Motors	485	+15	18	1.8
House Food	1,140	..	35	1.5
C. Itoh	240		12	2.5
Ito Yokado	1,753	−10	30	0.8
Jaccs	775	..	15	0.8
J.A.L.	2,900		..	—
Kansai Elect. Pw.	2,120	30	10	0.4
Komatsu	362	−8	18	2.5
Kubota	286	+4	15	2.5
Kyoto-Ceramic	3,310	−60	35	0.5
Matsushita Ind.	755	−8	20	1.3
Mitsubishi Bank	260		10	1.8
Mitsubishi Heavy	121		12	4.9
Mitsubishi Corp.	425	−1	13	1.5
Mitsui & Co.	300	+4	14	2.3
Mitsukoshi	593	+13	20	1.7
Nippon Denso	1,600	−10	15	0.5
Nippon Shimpan	611	−19	18	0.7
Nissan Motors	667	−10	16	1.2
Pioneer	1,530	−90	48	1.6
Sanyo Elect.	260	−11	12	2.3
Sekisui Prefab.	864	−4	30	1.5
Shiseido	[illegible]	−20	20	0.7
Sony	1,420	+60	40	1.4
Taisho Marine	256	−10	11	2.1
Takeda Chemical	442	+2	15	1.7
TDK	2,060	−70	30	0.7
Teijin	120		10	4.2
Tokyo Marine	520	−15	11	1.0
Tokyo Elect Pow'r	[illegible]	−10	8	3.6
Tokyo Sanyo	328	+7	12	1.8
Toray	156	+1	10	3.2
Toshiba Corp.	127		10	3.9
Toyota Motor	852	−9	20	1.2

Source Nikko Securities, Tokyo

AUSTRALIA

Nov. 2	Aust. $	+ or −
ACMIL (25 cents)	0.72	+0.02
Acrow Australia	2.90	
AMATIL $1	2.10	
Ampol Exploration	1.50	
Ampol Petroleum	0.76	−0.01
Assoc. Minerals	1.40	−0.04
Assoc. Pulp Paper $1	1.71	−0.05
Assoc. Con. Industries	1.63	+0.06
Aust. Foundation Invest.	1.02	
A.N.I.	1.60	+0.04
Audimco	0.62	+0.07
Aust. Oil & Gas	[illegible]	
Bamboo Creek Gold	0.20	+0.01
Blue Metal Ind.	1.18	[illegible]
Bougainville Copper	1.55	−0.04
Brambles Industries	1.83	[illegible]
Broken Hill Proprietary	8.16	+0.28
BH South	1.50	+0.04
Carlton United Brewery	1.75	−0.01
CSR $1	3.27	+0.07
Cockburn Cement	1.55	
Coles (G.J.)	2.26	−0.02
Cons. Goldfields Aust.	3.45	−0.05
Container ($1)	2.66	..
Conzinc Riotinto	3.47	+0.22
Costain Australia	1.74	
Dunlop Rubber ($1)	1.50	−0.05
ESCOR	0.67	
Elder-Smith	2.38	−0.06
Endeavour Resources	0.23	
E.Z. Industries	3.10	+0.05
Gen. Property Trust	1.62	+0.01
Hamersley	2.13	[illegible]
Hooker	0.80	−0.02
ICI Australia	2.17	−0.04
Inter-Copper	0.27	
Jennings Industries	0.85	−0.01
Jones (David)	[illegible]	
Leonard Oil	0.29	−0.04
Metals Exploration	[illegible]	−0.01
MIM Holdings	2.44	+0.12
Myers Emporium	[illegible]	−0.05
News	2.55	
Nicholas International	0.88	+0.02
North Broken H'dings (50c)	[illegible]	−0.02
Oakbridge	1.55	[illegible]
Oil Search	[illegible]	
Otter Exploration	0.44	−0.02
Pioneer Concrete	1.15	+0.02
Reckitt & Colman	2.70	
H. C. Sleigh	0.68	−0.02
Southland Mining	0.31	−0.01
Sparges Exploration	[illegible]	−0.02
Tooth (S.)	1.84	+0.06
Waltons	[illegible]	+0.01
Western Mining (50 cents)	1.70	+0.09
Woolworths	1.66	−0.01

OSLO

Nov. 2	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	98.0	+0.5	9	9.2
Borregaard	68.0	−5.5	—	
Creditbank	[illegible]	...	11	8.9
Kosmos	290.0	−2.5	20	6.9
Kreditkassen	111.5	+2.0	11	9.9
Norsk Hydro Kr.20	[illegible]	−10	12	3.1
Storebrand	98.75	−1.25	7	7.2

BRAZIL

Nov. 1	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.85	−0.05	0.12	14.11
Banco do Brasil	1.76		0.16	9.09
Banco Itau PN	1.45		0.37	25.51
Belgo Mineira OP	1.04	−0.01	0.08	7.69
Lojas Americ. OP	3.01		0.20	6.64
Petrobras PP	2.11	+0.01	0.13	6.16
Pirelli OP	1.35	−0.01	0.16	11.78
Souza Cruz OP	2.33	−0.03	0.22	9.44
Unip PE	5.35	−0.05	0.25	4.67
Vale Rio Doce PP	1.07		0.16	15.62

Turnover Cr.[illegible]m. Volume [illegible]m. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

Nov. 2	Rand	+ or −
Anglo American Corpn.	5.65	−0.10
Charter Consolidated	3.95	−0.25
East Driefontein	12.50	−0.70
Elsburg	1.85	−0.07
Harmony	6.00	−0.20
Kinross	5.30	−0.25
Kloof	10.10	−0.25
Rustenburg Platinum	2.10	
St. Helena	14.00	−0.15
Southvaal	9.15	−0.35
Gold Fields SA	25.75	−0.75
Union Corporation	5.85	−0.15
De Beers Deferred	7.65	−0.15
Blyvooruitzicht	5.95	−0.10
East Rand Pty.	6.50	
Free State Geduld	29.50	−1.50
President Brand	16.00	−0.50
President Steyn	13.50	−0.50
Stilfontein	6.10	−0.10
Welkom	5.25	−0.15
West Driefontein	42.50	−1.50
Western Deep	17.00	−0.50

INDUSTRIALS

	Rand	+ or −
AECI	5.40	−0.07
Anglo-Amer. Industrial	12.25	−0.25
Barlow Rand	4.30	−0.15
CNA Investments	2.25	−0.02
Currie Finance	[illegible]	
De Beers Industrial	[illegible]	
Edgars Consolidated Inv.	5.15	−0.05
Edgars Stores	27.50	
Ever Ready SA	2.25	−0.05
Federale Volksbeleggings	1.90	−0.05
Greatermans Stores	2.75	
Guardian Assurance (SA)	2.25	
Huletts	2.15	−0.05
LTA	2.20	−0.05
McCarthy Rodway	0.96	−0.05
NedBank	2.95	
OK Bazaars	8.40	
Premier Milling	[illegible]	[illegible]
Pretoria Cement	3.30	−0.02
Protea Holdings	1.35	[illegible]
Rand Mines Properties	2.15	
Rembrandt Group	3.65	+0.05
Retco	0.55	−0.01
Sage Holdings	1.45	
SAPPI	2.50	+0.10
C. G. Smith Sugar	5.50	−0.05
SA Breweries	1.45	−0.05
Tiger Oats and Nat. Mlg.	12.90	−0.15
Unisec	1.14	

Securities Rand U.S.$0.66¼ (Discount of 42%)

BRUSSELS/LUXEMBOURG

Nov. 2	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,235	−25	—	
Bekaert "B"	[illegible]		116	4.5
C.B.R. Cement	1,176	−4	100	8.5
Cockerill	412	+9	..	
EBES	2,220	−65	177	8.0
Electrobel	6,680	−20	450	6.2
Fabrique Nat.	3,055	+50	170	5.5
G.B. Inno Bm.	2,435	+15	150	6.1
Gevaert	1,320	−10	85	6.4
GBL (Brux L.)	1,625		90	5.5
Hoboken	2,650	−15	170	6.4
Intercom	1,615	−15	142	7.8
Kredietbank	7,160	−10	290	4.0
La Royale Belge	6,070	−30	325	5.4
Pan Holdings	2,650		82.35	2.7
Petrofina	3,315	+70	180	5.5
Soc. Gen. Banque	3,100	+25	205	6.6
Soc. Gen. Belgique	2,010		140	7.0
Sofina	3,075	+15	215	7.0
Solvay	2,585	−20	42.10	8.1
Traction Elect.	2,660	+20	170	6.4
UCB	1,170		—	
Un. Min. (1/10)	772	+64	50	6.5
Vieille Montagne	1,950	+150	—	—

SWITZERLAND ◆

Nov. 2	Price Frs.	+ or −	Div. %	Yld. %
Aluminium	1,000	−30	8	4.0
BBC 'A'	1,515	−30	10	3.1
CibaGeigy Fr.100	960	−50	22	2.3
Do. Part Cert	735	+45	22	2.9
Do. Reg.	572	−4	22	3.9
Credit Suisse	2,150	+20	16	3.7
Electrowatt	1,770	+15	10	2.9
Fischer (George)	515		5	4.9
Hoffman Pt Cert.	61,750	+3,250	1100	1.8
Do. (Small)	6,150	+300	110	1.8
Interfood B	3,575		21	3.0
Jelmoli (Fr.100)	1,330	−10	21	1.6
Nestle (Fr.100)	3,015	−80	v85.5	2.9
Do. Reg.	2,180	−10	v85.1	4.0
Oerlikon B (F250)	2,615	+45	15	1.5
Pirelli SIP (F100)	287	..	15	5.2
Sandoz (Fr.250)	3,050	+15	26	3.0
Do. Part Certs.	375	−7	26	3.4
Schindler Ct (F100)	250	..	12	4.9
Sulzer Ct (Fr.100)	282	−5	14	5.0
Swissair (Fr.350)	795	−20	15	4.4
Swiss Bank (Fr.100)	345	−5	10	2.9
Swiss (Re) (Fr.250)	4,650	−100	40	2.2
Union Bank	3,075	−25	20	3.3
Zurich Ins.	10,250	+50	44	2.2

PARIS

Nov. 2	Price Frs.	+ or −	Div. Frs.	Yld. %
Rente 4½	37	−12	[illegible]	[illegible]
Afrique Occ'd'le	395	−5	21.15	5.3
Air Liquide	371	+6	16.5	4.4
Aquitaine	575	−5	28.25	4.9
BIC	513	−14	15.75	[illegible]
Bouygues	830	−5	42	5.1
B.S.N. Gervais	591	−9	40.5	6.9
Carrefour	2,135	+45	75	3.5
C.G.E.	359	+4	31.5	7.9
C.I.T. Alcatel	999	+5	76.50	7.7
Cie Bancaire	401.1	−10	12	2.7
Club Mediter.	505	−8	11.25	2.3
Credit Com. Frce	101.5	+1.5	12	[illegible]
Creusot Loire	67.00	+2.05	..	—
Dumez	713	−7	35.75	4.7
Fr. Petroles	169	−1	10.1	10.1
Gen. Occidentale	213.9	−1.4	[illegible]	[illegible]
Imetal	60.5	+0.4	5.7	9.4
Jacques Borel	158	+6	—	—
Lafarge	221.8	−0.8	16.77	7.5
L'Oreal	757	+13	15.9	2.1
Legrand	[illegible]	−10	37.75	[illegible]
Maisons Phenix	558	−15	[illegible]	[illegible]
Michelin "B"	1,295	+45	22.55	2.5
Moet Hennessy	520	+12	12.6	[illegible]
Moulinex	128.5	−4.4	3	3
Paribas	200	−2	18.6	9.9
Pechiney	91.9	+4.3	7.5	[illegible]
Pernod Ricard	307.5	+12.4	10	3.6
Peugeot Citroen	500	−2	17.25	[illegible]
Poclain	225	+14.9	—	
Radio Technique	434	+4	27	6.0
Redoute	575	−16	30	5.2
Rhone Poulenc	122.4	+4.4	9	7.5
St. Gobain	147.5	+0.5	14.55	[illegible]
Skis Rossignol	1,260	+45	39	3.0
Suez	329.5	+1.5	25.5	[illegible]
Telemecanique	812	−9	25.5	[illegible]
Thomson Brandt	255.5	+5.5	15.15	5.9
Usinor	[illegible]			

AMSTERDAM

Nov. 2	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl. 20)	111.5	+3.3	v28	5.1
Akzo (Fl. 20)	29.7	+2.0	—	
Algem Bnk (Fl.100)	365.5	+5	A25	7.8
AMEV (Fl. 10)	87	−4	50	5.7
Amrobank (Fl. 20)	76.4	+2.1	A25	5.9
Bijenkorf	92.8	−4	26	5.6
Boka Westm. Fl.10	153	−9	32	6.2
Buhrm' Tetterode	71.8	−3.9	26	7.3
Elsevier (Fl.20)	285	...	27.5	1.9
Ennia N.V. Bearer	138	+3.2	37.5	5.4
EurComTst (Fl.10)	71	+0.5	94.5	4.9
Gist Brocades Fl.	57	+1.8	20	5.4
Heineken (Fl.25)	99.5	+1.3	14	3.7
Hoogovens (Fl.20)	37.3	−4.1	—	
Hunter D. (Fl.20)	23.8	+2.8	12	5.0
K.L.M. (Fl.100)	136	+11.5	8	5.8
Int. Muller (Fl.20)	45	+2	19	8.4
Naarden (Fl.10)	25.1	−0.9	12.5	4.8
Nat. Ned. Ins. Fl.10	111	+3.8	48	4.4
Ned Cred Bk Fl.20	59.8	+1.3	21	7.5
Ned Mid Bk Fl.50	201.5	.....	22	5.5
Oce (Fl.20)	167.0	+7.0	35	4.4
Ogem	32	+1.7	25	7.2
Van Ommeren	142	+9.2	—	
Pakhoed (Fl.20)	46	+3.0	—	—
Philips (Fl.10)	25.9	+1.5	17	6.6
RijnSchVer Fl.100	65.5	+1.0	—	
Robeco (Fl.50)	165	+3.3	A25	7.8
Rolinco (Fl.20)	133	+4		
Rorento (Fl.20)	133.8	+0.3	19.5	3.8
Royal Dutch (Fl.20)	123.7	+4.6	53.75	8.8
Slavenburg	255.4	+0.6	20	8.5
Stevin Grp (Fl.20)	97.5	−0.1	27	5.7
Tokyo Pac. Hold. $	140	−5	$0.30	0.5
Unilever (Fl.20)	119.4	+3.7	42.8	7.5
Viking Res. (Fl.25)	59	−0.7	$0.20	1.2
West. Utr. Hypbk	399.5	−9	33	4.0

COPENHAGEN ♣

Nov. 2	Price Kroner	+ or −	Div. %	Yld. %
Andelsbanken	140	......	11	7.9
Danske Bank	125¾	......	12	9.5
East Asiatic Co.	142½	+2	12	8.4
Finansbanken	130	......	13	10.0
Bryggerier	340	......	12	3.5
For Papir	80	+1½	—	—
Handelsbank	126½	......	12	8.7
G. Nthn H. (Kr80)	280	......	12	3.9
Nord Kabel	173	+2¼	12	6.7
Oliefabrik	110½	+½	—	
Privatbank	131	......	—	9.2
Provinsbank	137	......	11	8.0
Soph. Berendsen	375	+4	12	3.2
Superfos	169	−4½	12	7.1

MILAN

Nov. 2	Price Lire	+ or −	Div. Lire	Yld. %
ANIC	43.50	−18.75	—	—
Bastogi	641	−13	—	—
Fiat	2,674	−31	150	5.7
Do. Priv.	1,981	21	150	7.6
Finsider	170	−2.75	—	
Italcementi	20,000	−530	600	3.0
Italsider	377	+2		
Mediobanca	42,190	+390	1,200	2.9
Montedison	166	3.5		
Olivetti Priv.	1,325	+5		
Pirelli & Co.	1,560	−38	130	6.6
Pirelli SpA	967	−15	80	8.3
Snia Viscosa	761	−29	—	—

STOCKHOLM

Nov. 2	Price Kroner	+ or −	Div. Kr.	Yld. %
AGA AB (Kr.40)	198	−1	5.5	2.8
Alfa Laval (Kr.50)	142	−2	6	3.5
ASEA (Kr.50)	82.5	−1.0	6	6.0
Atlas Copco Kr25	[illegible]	−1	5	5.3
Billerud	50.0	+4.3	4	8.0
Bofors	114	+2	4	3.5
Cardo	180	+3	5.75	3.2
Cellulosa	222	−8	10	4.5
Elect'lux 'B' (Kr50)	121	−2	6.5	5
Ericsson B (Kr50)	123	−2	5	5.1
Esselte 'B' (Kr50)	280		8	[illegible]
Fagersta	94	−7	4	4.5
Granges (Free)	54	−1		
Handelsbanken	[illegible]	+3	16	4.5
Marabou	[illegible]		8	[illegible]
Mo och Domsjo	57	3		
Sandvik 'B' Kr	153	+2	5.75	[illegible]
S.K.F. 'B' Kr50	[illegible]		[illegible]	[illegible]
Skand Enskilda	[illegible]	+4	6	[illegible]
Tandstik B (Kr50)	[illegible]		5	4.1
Uddeholm	50		5	[illegible]
Volvo (Kr.50)	81.0	+2.5	6	7.4

VIENNA

Nov. 2	Price %	+ or −	Div. %	Yld. %
Creditanstalt	342	..	10	2.9
Perlmooser	[illegible]	..	9	[illegible]
Selecta	611	−1	48	7.8
Semperit	82	..	—	—
Steyr Daimler	213	2	8	3.8
Veit Magnesit	255	+3	10	3.9

SPAIN ♥

November 2	Per cent	+ or −
Asland	123	—
Banco Bilbao	287	—
Banco Atlantico (1,000)	239	—
Banco Central	308	—
Banco Exterior	272	—
Banco General	258	—
Banco Granada (1,000)	148	—
Banco Hispano	247	—
Banco Ind. Cat. (1,000)	182	—
B. Ind. Mediterraneo	193	−2
Banco Madrid	231	—
Banco Popular	259	—
Banco Santander (250)	346	—
Banco Urquijo (1,000)	317	+6
Banco Vizcaya	254	−1
Banco Zaragozano	262	—
Bankunion	145	—
Banus Andalucia	193	—
Babcock Wilcox	29	—
CIC	82	—
Dragados	234	−5
Inmobanif	72	—
E. I. Aragonesas	42	−2
Espanola Zinc	101	
Expl. Rio Tinto	55.25	−2.75
Fecsa (1,000)	63	+0.50
Fenosa (1,000)	62	—
Gal. Preciados	58	—
Grupo Velazquez (400)	165	—
Hidrola	72	−0.75
Iberduero	57	—
Olarra	91	−6
Papeleras Reunidas	39	−1
Petroliber	120	—
Petroleos	182	−2.75
Sarrio Papalera	39	
Sniace	41	−1
Sogefisa	127	
Telefonica	76	−1
Torras Hostench	78	
Tubacex	88	+1
Union Elec.	67	+1

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.350	1	24	—	—	—	—	F.365.50
ABN	F.360	2	17	—	—	—	—	,,
ABN	F.370	10	12.40	—	—	—	—	,,
ABN	F.380	7	7.50	3	13.50	—	—	
AKZ	F.25	—	—	—	—	20	8.50	F.29
AKZ	F.27.50	11	4	10	6	—	—	,,
AKZ	F.30	103	2.80	98	4	22	5.50	,,
AKZ	F.32.50	41	1.50	5	2.60	31	3.90	,,
AKZ	F.35	12	0.70	17	2.20	60	2.50	,,
ARB	F.68.90	1	9.50	—	—	—	—	F.76.40
ARB	F.73.90	14	5	—	—	—	—	,,
ARB	F.78.90	27	2	26	6.20	—	—	,,
ARB	F.83.90	—	—	4	2	—	—	
EK	$60	13	4	38	7⅛	—	—	$59⅝
EK	$70	6	1⅛	14	3	—	—	
NC	$25	1	2½	—	—	—	—	$25⅝
GM	$60	31	3½	—	—	—	—	$61⅝
HO	F.32.50	10	6.20	—	—	—	—	F.37.30
HO	F.35	17	5.10	30	6.50	—	—	,,
HO	F.37.50	19	3	8	5.20	5	7.50	,,
HO	F.40	35	2.50	47	5	—	—	,,
HO	F.45	—	—	100	3.40	—	—	
IBM	$240	6	39	—	—	—	—	$271½
IBM	$260	10	23½	—	—	—	—	,,
IBM	$280	9	10¾	—	—	—	—	,,
IBM	$300	32	4	6	9½	—	—	
KLM	F.133.30	23	10.10	—	—	—	—	F.133.50
KLM	F.140	8	8	1	15.10	5	17	,,
KLM	F.142.90	39	7.30	—	—	—	—	,,
KLM	F.150	63	5	25	9.50	2	12	,,
KLM	F.152.40	73	4.50	—	—	—	—	,,
KLM	F.160	26	4	22	7.50	4	10	,,
KLM	F.161.90	43	3.60	—	—	—	—	,,
KLM	F.170	46	3.10	63	6.40	—	—	,,
KLM	F.171.40	64	2.50	—	—	—	—	,,
KLM	F.190.50	25	1.10	—	—	—	—	
NN	F.108.90	3	8.60	—	—	—	—	F.111
NN	F.110	—	—	8	11.30	—	—	,,
NN	F.118.90	16	3.50	—	—	—	—	,,
NN	F.120	—	—	2	6.50	5	6.50	
PHI	F.22.50	6	4	10	5.50	—	—	F.25.50
PHI	F.25	62	2.40	25	3.70	6	4.20	,,
PHI	F.27.50	140	1.60	120	2.40	3	2.90	,,
PHI	F.30	614	0.60	275	1.40	8	2	,,
PRD	$50	1	4½	—	—	—	—	$48¾
PRD	$60	—	—	2	3	—	—	
RD	F.120	54	8.20	2	9	5	12	F.121.80
RD	F.130	157	3.10	40	6	—	—	,,
RD	F.140	15	0.50	36	2.40	11	3	
S	$20	25	2½	—	—	—	—	$20⅞
UNI	F.120	17	3	—	—	1	6.50	F.119
UNI	F.130	—	—	—	—	10	3.50	,,
XRX	$50	2	5⅞	—	—	—	—	$53
XRX	$60	—	—	3	2¼	—	—	,,
		Nov.		Feb.		May		
BA	$60	—	—	10	6	—	—	$62¼
BA	$70	10	¾	25	3¼	10	6	,,
BA	$80	—	—	1	1⅞	—	—	
OXY	$25	—	—	4	½	—	—	$18¾

TOTAL VOLUME IN CONTRACTS 3230

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	11½%
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	11½%
Canada Perm't Trust	10 %
Cayzer Ltd.	11½%
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	11½%
Credit Lyonnais	10 %
Duncan Lawrie	10 %
The Cyprus Popular Bk.	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7%.

The Property Market

BY JOHN BRENNAN

The elderly giant

LAND SECURITIES Investment Trust is the biggest, but is it the best? Stockbroker Rowe and Pitman, Hurst-Brown comes up with an astonishing answer. In R and P's view Land Secs is not only the best, it is now a better institutional investment than direct holdings of prime property.

An answer like that takes some swallowing. And the broker tries to make it more palatable by concentrating its analysis on the group's income potential.

Land Secs has estimated that, at static (1977) rents, reversions due within its £826m of properties will provide 12 per cent compound rent growth for the next nine years. With a forecast dividend this year worth 3.85 per cent (at 230p), or 5 per cent fully distributed, the broker shows that a fully distributed yield of 9.2 per cent is in sight by 1987.

No one is likely to argue with R and P's case so far. But the broker dives into contentious waters with the next part of its argument where it compares a purchase of Land Secs' shares to direct property acquisition

Taking prime property buying yields at 5 per cent R and P says that, assuming no growth in rent levels, Land Secs' reversions and the impact of gearing on its attributable profits (debt stands at a third of assets) means that, "an investment in Land Secs will produce a far higher return than an investment in prime property."

That is all well and good. But it would take an unusually retarded fund manager to buy a prime property on an initial yield of 5 per cent (less than half the return on long gilt stocks) without any expectation of rental growth. R and P is undeterred. It argues that the comparison looks even better when one allows for rental growth.

Compared to a prime property purchase, bought with, say, a 10 per cent annual compound rental growth in mind, the same money in Land Secs will have all the benefits of any general rent growth, plus the inbuilt reversions, plus the effect of gearing. On its internal calculations the broker expects the shares to be yielding nearer 12 than 9.2 per cent by 1987.

A glaring question mark stands over that argument. The reversions are there, unarguably. The gearing is there, unquestionably. But is Land Secs' portfolio now too elderly to show the rental growth one could reasonably expect from a modern prime property investment without that growth being absorbed in refurbishment costs? W. Greenwell raised that question in its irreverent look at property's biggest "blue chip" last year. R and P answers the point with what fund managers may think is a rather quirky definition of a "modern" property.

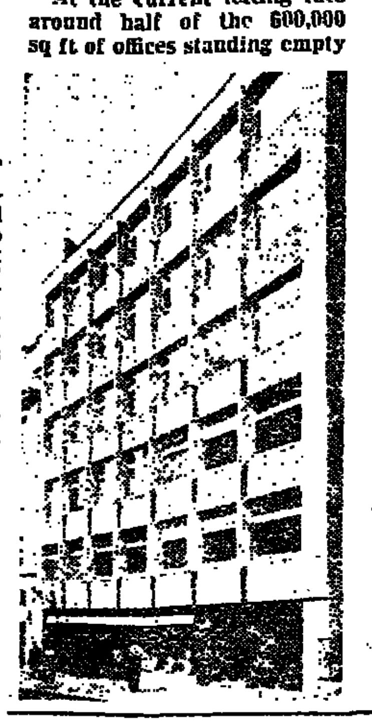
In its detailed break-down of the group's portfolio R and P concludes that around 4m of the 9m sq ft of central London properties. "have been developed or modernised since 1960." Up to 18 years is not old. But is it really all that modern? And with 5m sq ft that has come of age even on R and P's undemanding basis, does Land Secs' portfolio really justify the broker's title of "high class?"

What lifts the broker's analysis above a pure song of praise for Land Secs is its close look at the management's philosophy. As brokers to the group (a fact that it felt was sufficiently well known not to mention in the report), R and P speaks with authority on the reorganisation that created a central management operation and which appears to have dubbed Peter Hunt as Lord Samuel's heir.

The sight of Land Secs passing its days quietly, managing and modernising its existing portfolio—which R and P believes is worth 320p a share—may appeal to institutions. And a market capitalisation of close to £1bn makes the share the only sizeable equity alternative to pooled pension funds or direct property holdings. But equity managers will have to forget its past record of underperformance in bull markets, and property managers accept the absence of information on lease structures before R and P convinces the market that the "blue chip" is also a glamour stock.

Property Deals appears on Page 34

At the current letting rate around half of the 600,000 sq ft of offices standing empty



in Bristol at the beginning of the year will be off the market by Christmas. Following years when the Property Services Agency was the only active tenant in the city, commercial demand for offices has returned.

Mike West, the city's Industrial Development Officer, says that just six months ago, after four years of silence, his office started to receive a couple of enquiries a week from companies looking for sizable office sites in Bristol. And recent lettings show that these enquiries are serious.

Following Sperry Gyroscope's recent letting of City Offices' 90,000 sq ft Temple Colston House, at around £2.50 a sq ft, Tim Stevenson of Bristol agents Lalonde Brothers and Parham reports the first major letting in Scottish Life Assurance's 78,850 sq ft Temple Way block. The building, on Bristol's inner ring road, has been standing empty for nearly 18 months.

Now Guardian Royal Exchange Assurance has taken a 24,000 sq ft section at £3.15 a sq ft and, as terms for the deal were agreed in the spring, in talks with two potential tenants for the rest of the building Lalonde is now asking rents of up to £3.85 a sq ft.

Guardian Royal is following the gradual shift of insurers from the central, Corn Street area of Bristol to the inner circuit road area. And its move was delayed until this week's completion of the sale of its freehold 20,000 sq ft former Corn Street offices (left) to the Bristol and West Building Society.

All but 500 sq ft of Scottish Life's other, 17,000 sq ft development in the city at 10 Queen's Square has now been let at rents ranging from £3 to £3.50 a sq ft. And Lalondes achieved over £3 a sq ft for C. J. King and Sons' 11,000 sq ft scheme at 8 to 10, The Grove, overlooking the harbour.

The largest of the remaining empty building is Laing Properties' 141,000 sq ft giant at Whitefriars where Lalonde and J. P. Sturge have had to snip 50p from the £3.50 asking rents to let a 15,000 sq ft section to Avon County. Inter City House, the 80,000 sq ft bloc k that Electricity Supply Nominees bought from Westmorland, and where Lalonde acts jointly with Richard Ellis, is the only other completed unit of comparable size on the market at the moment. But the former Town and Commercial tower block now being completed by Norwich Union will bring another 140,000 sq ft on to the market in 12 months. And that building's rather elderly design is counterbalanced by its position, next to Bristol's Holiday Inn and over the Broadmead shopping centre.

Renewed letting interest has enabled other developers to take a fresh look at some of the 2m sq ft of schemes in the city that were she[...] after the 1973 crash.

Standard Life has said it will eventually go a[...] with its 60,000 sq ft proje[...] Broad Quay. But the lar[...] single area of new deve[...]ment on the horizon is [...] idea for up to 500,000 s[...] of new offices on a can[...] site in the "Hem[...] Triangle" six miles from city centre.

North Avon District C[...]cil is prepared to put its Community Land Act po[...] behind John Laing's asse[...] of a 140-acre site in "triangle" which [...] between the M4 and [...] Motorways and the [...]

If Lalonde's enthusias[...] the local letting m[...] proves to be correct L[...] will be one of the [...] developers to benefit, by[...]ing its Whitefriars block, pulling in tenants for Hempton scheme, whe[...] the market justifies it, [...] could be up, and occupie[...] late 1979.

A question of yields

THE SECOND issue of Jones Lang Wootton's Property Index, published today, shows just how cheap investment properties were in the late 1960s. But it also shows how dependent current property yields are upon historically high rental growth expectations.

To highlight the point that timing is as critical as the length of rent review patterns when buying property, JLW makes a comparison of gross redemption yields on properties bought by its hypothetical portfolio in 1967 and in 1973.

The analysis shows that much of the capital growth in the portfolio—which has been constructed in the form of a typical exempt fund's property book—has come from its earlier purchases.

As the table shows, a gross redemption yield of 17.4 per cent to date on the 1967 purchases, most of which have seven and 14-year reviews, far exceeds the 6.2 per cent achieved on 1973 purchases, even though the later buys are let on modern, five-year reviews. JLW does not attempt to read too much into the comparisons, and it is certainly not trying to make a case for secondary investment.

Indeed, recent portfolio tidying sales suggest that many funds with mature portfolios containing ageing properties now take the view that the best growth has been achieved and are taking advantage of a strong market to sell out. What JLW's comparison does do is to raise timely questions about current yields and GRY expectations.

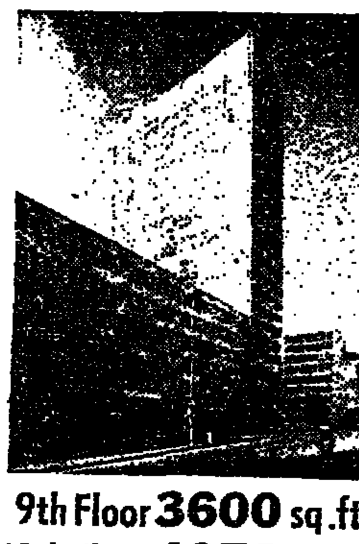
At initial buying yields ranging between 5 and 6 per cent for good offices, and below 5 for prime shops, funds targeting GRYs on current long dated gilt levels are looking for rent growth of around 10 per cent a year. That is not necessarily too demanding on past performance. But some of the more spectacular low yield purchases in recent months imply very fine tuning of growth rate expectations, or a very optimistic view of the future. We shall see.

Apart from its interesting side glance at yields, JLW's u[...] index provides no real sur[...] In the quarter from June [...] end of September the po[...] achieved a ½ per cent incre[...] rents, and a 2½ per cent [...] capital value, to £99.4m, [...] the index from 476 to 494.

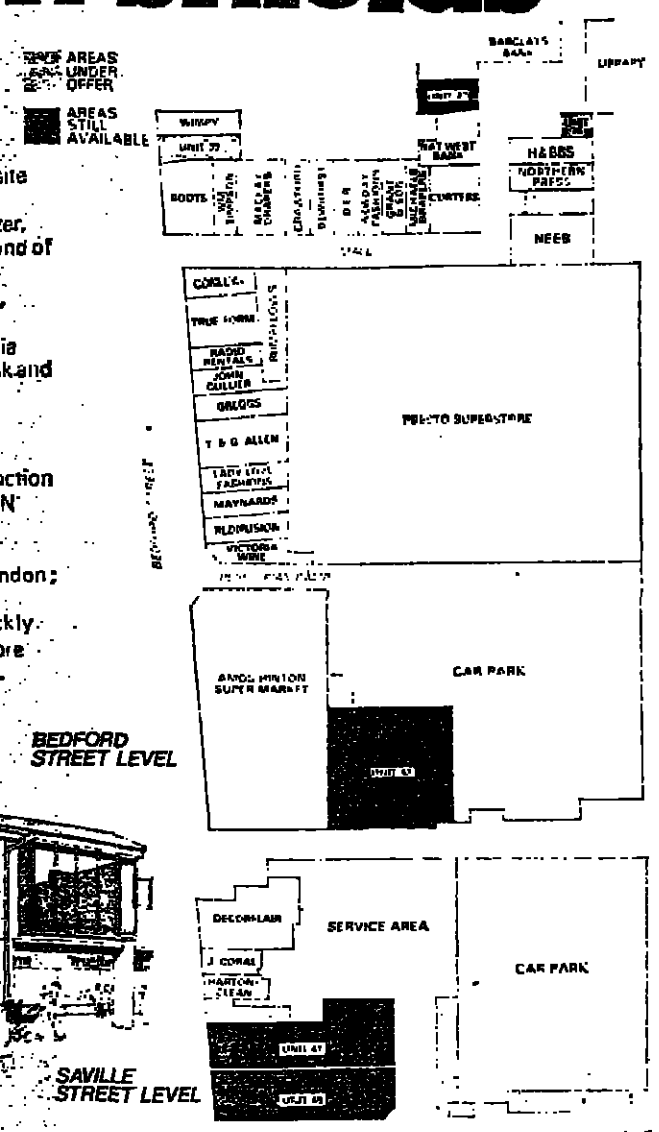
Gross Redemption Yield Analysis

	1967	
Year of purchase	1967	[illegible]
Number of properties	10	[illegible]
Book cost	£3.1m	[illegible]
Current resale value	£11.6m	[illegible]
Initial yield at purchase (per cent)	7.3	[illegible]
Current equated yield (per cent)	8.4	[illegible]
Rental growth since purchase (per cent)	9.0 pa	[illegible]
Gross redemption yield since purchase (per cent)	17.4 pa	[illegible]
Target GRY at purchase (per cent)	7.1 pa	[illegible]

INDUSTRIAL AND BUSINESS PROPERTY



A new heart for North Shields



The new town centre of North Shields. A 65,000 sq ft supermarket, 39 retail units, four large retail units and on site multi-storey parking for 450 cars.

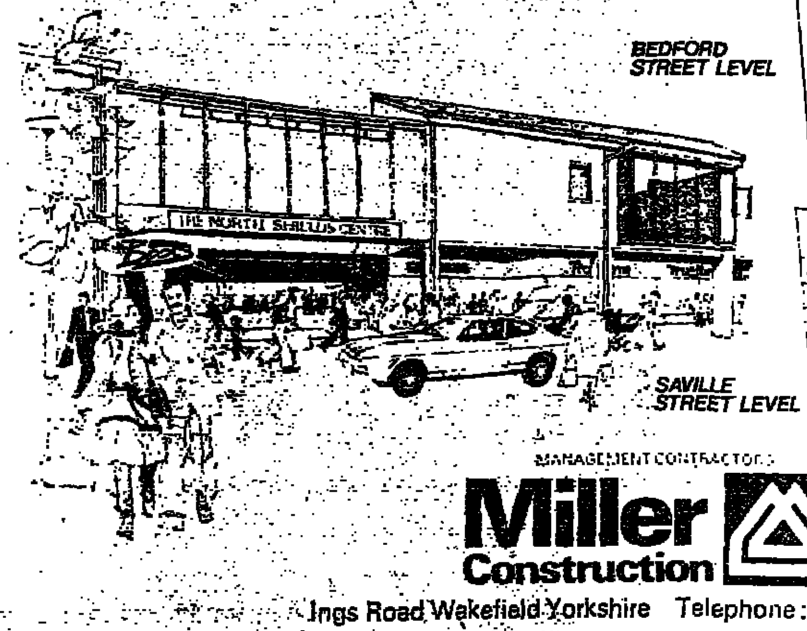
Begun in May 1977 and completed only 13 months later, the £6 million centre's supermarket began trading at the end of October, just 18 months after the start was made on site.

Tenants include Allied Suppliers Amos Hinton, Boots, Dewhurst, T & G Allan, True-Form, Curtess, Timpson, Mackays, John Collier, Rumbelows, Hartonclean, Victoria Wine, Conleys, Radio Rentals, National Westminster Bank and Huddersfield and Bradford Building Society.

Only four units remain available

Developed by James Miller (CDNS) Limited in conjunction with the Metropolitan Borough of North Tyneside and CIN Properties Limited. Management contractors: Miller Construction, Wakefield. Architects: John Brunton and Partners, Leeds. Joint letting agents: Healey & Baker, London; Hill Welsh, London; V Stanley Walker, Leeds.

A town centre that's a credit to all concerned. Built quickly and efficiently, occupied fast. Expected to be fully let before completion. All ready to put new heart into North Shields.



MANAGEMENT CONTRACTORS

Miller Construction

Ings Road Wakefield Yorkshire Telephone: Wakefield 72891

JOINT LETTING AGENTS **HILL WELSH** 25 Queen Anne's Gate London SW1H 9BU Telephone: 01-839 1673 | **Healey & Baker** 29 St. George Street, Hanover Square, London W1A 3BG 01-629 9292 | **V. Stanley Walker & Son** The Mart, Albion Place Leeds LS1 6JH Telephone: Leeds 36591

CENTRAL SCOTLAND
STIRLING

5,000 - 23,000 square feet

MODERN FACTORIES FOR RENT

Central Region's newest industrial estate, Bandeath is an ideal spot for developing your business. 23,000 sq. ft. factory blocks are now available each composed of 5 bays, 124 ft. long x 190 ft. wide, 17 ft. eaves, some with overhead cranes.

PRICES FROM 50p PER SQ. FT.

For more details contact Industrial Development Unit Central Regional Council, Viewforth, Stirling

Telephone **Stirling 3111**

NEWMAN ST. W.1.

Modern Offices To Let

10,100 sq. ft. approx.

* Air-conditioning
* 2 passenger lifts
* Fully carpeted
* P.A.B.X.7
* additional residential accommodation available

Particulars from:
S. A. Jones
Mark Lane (Investments) Ltd.
Berkeley Square House.
Berkeley Square W1X 5PE.
Tel: 01-629 8772 Ext. 282.

BECKENHAM, KENT

11,350 sq. ft.

SUPERB MODERN OFFICES ON 2 FLOORS
ONLY £4.31p PER SQ. FT.
Including Rates and Service Charge
LEASE FOR SALE

BAXTER PAYNE AND LEPPER, Chartered Surveyors
40 Welbeck Street, London W1M 8LN 01-486 2849

ON-LINE

Industrial Property

Nugent Industrial Park, Orpington.
Warehouse/Factory units. Under construction. 5000 sq. ft. – 150,000 sq. ft.

Gatwick Gate Industrial Estate, Gatwick.
Warehouse units. Under construction. 15,000 sq. ft. – 150,000 sq. ft.

Bournemouth, Dorset.
Warehouse/Industrial units. Under construction. 5,000 sq. ft. – 60,000 sq. ft.

Enfield, Middlesex.
Light Industrial units. To be built. 7,000 sq. ft. – 43,000 sq. ft.

Maidenhead, Berks.
New Distribution centre. To let. 53,000 sq. ft.

East London.
Warehouses to let at £0·65 per sq. ft. 12,680 sq. ft. – 13,670 sq. ft.

JLW Computon®– A Complete Answer

Industrial Department
33 King Street London EC2V 8EE. Tel. 01-606 4060. Telex. 885557

JONES LANG WOOTTON
Chartered Surveyors

Land for Development

CARDIFF OFFICE

Llantrisant, Mid Glam. Ref. MG.2.
The Authority seeks tenders for a lease, up to 99 years of approximately 6.6 ha (16.3 acres) of industrial and warehouse development land near to the Royal Mint, and some 3 miles north of the M.4 Miskin Interchange, on the A.4119. The land is within an area enjoying special development status.
Tenders shall be returned by 12 noon, Tuesday – 12th December 1978.

Caerphilly, Mid Glam. Ref. MG.3.
The Authority seeks tenders for a residential building site of approximately 11.6 ha (29 acres).
The site is located on the north western outskirts of the town. Caerphilly is an established commuter centre for Cardiff and elsewhere in south east Wales.
Tenders shall be returned by 12 noon, Wednesday – 20th December 1978.

Tongwynlais, Nr. Cardiff. Ref. CDFF/18
The Authority seeks tenders for approximately 1.41 ha (3.5 acres) of residential building land.
The site is situated on the northern outskirts of Cardiff about ½ mile from the M.4 Coryton Interchange.
Tenders shall be returned by 12 noon, Tuesday – 28th November 1978.

Ogmore-by-Sea, Mid Glam. Ref. MG.15.
A total of 24 serviced building plots are offered in lots comprising up to 8 plots. Development will consist of detached bungalows. Ogmore-by-Sea lies within the area of the Glamorgan heritage coast.

WREXHAM OFFICE

Chirk, Clwyd. Ref. C.7.
Offers are invited for a 1.125 ha (2.78 acres) approximately of residential building land adjoining an existing estate and having easy access to the A.5.

Bala, Gwynedd. Ref. G.6.
Offers are invited for a number of large individual residential plots.

Dolgellau, Gwynedd. Ref. G.5.
Offers are sought for 0.84 ha (2.1 acres) approximately of residential building land and also for a number of individual plots of approximately ¼ acre each.

Llandudno, Gwynedd. Ref. G.4.
Premier residential building sites close to the Little Orme and overlooking Llandudno Bay, comprising:-
Parcel No. 1 – 1.75 ha (4.3 acres) approximately. Suitable for good sized dwellings.
Parcel No. 2 – 0.4 ha (1.17 acres) approximately. This site could be developed with up to 12 linked detached dwellings.

Connah's Quay, Clwyd. Ref. C.1.
The Authority seeks tenders for a lease, up to 99 years, of a public house site having a frontage to Wepre Lane, Connah's Quay.
The site extends to approximately .59 ha (1.45 acres).
Tenders shall be returned by 12 noon, Tuesday – 30th January 1979.

All the above properties have the benefit of outline planning permission. Further particulars obtainable from the appropriate office, as follows:-

LAND AUTHORITY FOR WALES
AWDURDOD TIR CYMRU

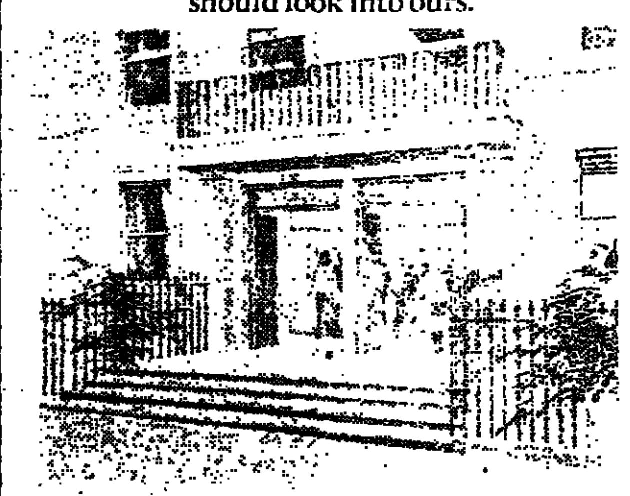
Area Land Manager (SE) Land Authority for Wales, Brunel House, Fitzalan Road, Cardiff. CF2 1SQ Tel: 0222-499077

Area Land Manager (N) Land Authority for Wales, 33 Grosvenor Road, Wrexham. LL11 1BT Tel: 0978-57133

Area Land Manager (W) Land Authority for Wales, 20A King Street, Carmarthen SA31 1BH Tel. 0267-32471

Industrial and Business Property appears every Friday

If your Company has a current or potential requirement for a Headquarters Office Building in Edinburgh you should look into ours.



BRUNSWICK HOUSE

offers 44,100 square feet net of elegant new accommodation in a central position, employing superior finishes and having covered parking for 50 cars.

For its size, standard and location there are no other buildings currently available in Edinburgh which compare with Brunswick House. It is available now.

Joint Letting Agents

HILL WELSH 25 Queen Anne's Gate London SW1 Tel: 01-839 1673

JOHN D. WOOD 56 George Street Edinburgh Tel: 031-225 7178

PUTNEY S.W.15

New air conditioned office building.

23,760 sq. ft. To Let

Central position. Occupation summer '79.

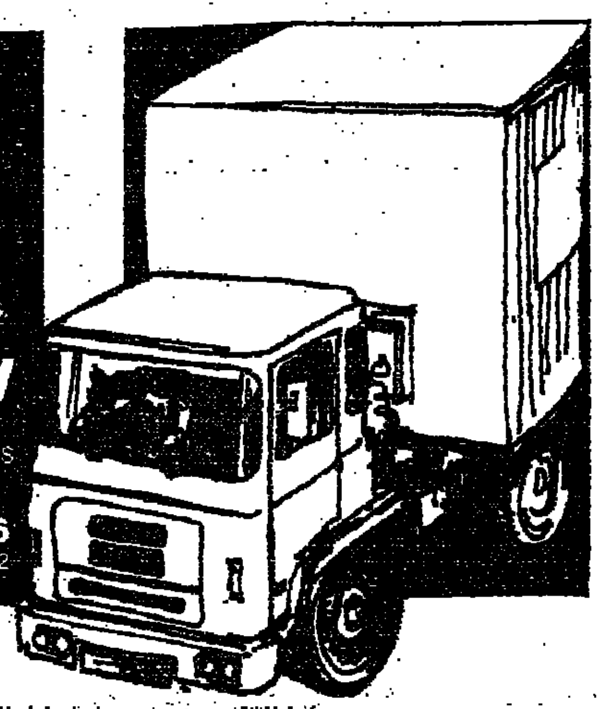
JONES LANG WOOTTON Chartered Surveyors

WILLETT

James Andrew & Partners

Factory & Warehouse Premises

Typhoo Buildings, Birmingham
330,000 sq. ft. For Sale.
Offers invited.
150 space car park,
fully sprinklered,
14 lifts, 18 vehicle loading decks.



Grimley & son
CHARTERED SURVEYORS
2 St Philip's Place
Birmingham B3 2QQ
021-236 8236
London 01-836 9654 Brussels 02-512 16 12

BUILDING LAND

15½ ACRES approx. detailed consent for 195 HOUSES

Centrally situated at Carterton, Oxfordshire and enjoying good accesses and services nearby.

For Sale by Tender December 5th 1978.

E. J. Brooks & Son
Gloucester House, Beaumont Street, Oxford OX1 2LT.
(Tel: Oxford (0865) 44535.)

Lavender Hill Clapham Junction London SW11

Freehold Office Buildings and Development Site – 1·3 acres in all For Sale by Private Treaty

- 0·6 acres cleared site Freehold.
- 29,850 sq ft Offices & Ancillary accommodation with vacant possession – suitable for refurbishment or development
- 3,150 sq ft Showroom with storage *(For Leaseback to LEB)*

Weatherall Green & Smith 01-405 6944

LEB Properties Manager 46 New Broad St. London EC2M 1LS 01-588 1280

By direction of Lloyds Bank Limited who have moved to larger premises

HIGH STREET KINGS HEATH BIRMINGHAM

FREEHOLD COMMERCIAL PREMISES FOR SALE BY TENDER
PRIME LOCATION

Suitable for Building Society, Retail, Insurance Co. etc.

Chesshire, Gibson & Co.
63 TEMPLE ROW, BIRMINGHAM B2 5LY.
TEL: 021-643 9351.
AND LONDON

PROPERTY DEALS

Barclaytrust pays £300,000 an acre

JOHN AND PETER BECKWITH'S Second London Wall property group is the latest private developer to break the £300,000 an acre barrier for industrial land with its purchase of Tate and Lyle's 5½-acre Hammersmith site off the Fulham Palace Road. A forward sale of the scheme to Barclaytrust provided the funding for a 145,000 sq ft industrial/warehouse project, 50,000 sq ft of which has now been pre-let at around £3 a square foot by Grant and Partners, Second London Wall's advisers, and its joint letting agents Healey and Baker. That first phase will be completed by next July.

●

IT WILL take £0.3m an acre to buy another major London industrial site, British Steel's former steel stockholding centre at River Way, Greenwich, SE10. Elliott Son and Boyton are asking around £2¼m for the 7½-acre site which has 125,000 sq ft of three-year-old warehouse/factory space, with overhead cranes and its direct rail access. The land lies next door to BSC's 19-acre Redpath Dorman steel fabrication site—where Sydney Harbour Bridge started life—and where the Corporation now has planning permission for industrial estate roads. That land is not on the market, but BSC is understood to be considering its future.

●

FRESH from Debenham Tewson and Chinnocks' computer, the total office floorspace in the EC postal districts of the City is now 2.315m sq ft. Only 116,000 sq ft of new space came onto the market in the month (September's 886,000 sq ft having been boosted by the inflow of ex-Fluor buildings). Around 0.2m sq ft was let last month, and the figures show that there are now only 4 City buildings of over 50,000 sq ft and one of over 100,000 sq ft on the market.

●

MERCHANT INVESTORS' £23.8m property fund has sold one of its earliest purchases, the 375 sq foot shop and 1,460 sq ft office building at 219 Oxford Street, W.1. The space had been leased to Ratners the jewellers for £38,000 a year on a 69 year lease with seven yearly reviews. Ratners has now bought the space for "around £1m." Not surprisingly, MI sees the sale price as being on a "particularly advantageous yield basis," and has filled the gap in its portfolio with two freehold shops.

Richard Ellis, MI's property fund manager, has bought a freehold shop in Broad Street, Reading, for £950,000 and a freehold in central Liverpool for £1m. Both are vacant and in need of refurbishment. Shops account for 9.4 per cent of the MI fund by value with combined shop and office buildings making up another 20.4 per cent. Industrials are valued at just over a fifth of the fund value and developments account for 4.8 per cent after adding in two new industrial schemes.

MI has paid £405,000 for Metal Mouldings' 1.8 acre freehold site off Park Royal, NW 10, where Ellis and Edward Erdman (who acted for Metal Mouldings) are to jointly let 50,000 sq ft of new space in 6,500 to 9,000 sq ft units due for completion at the end of 1979.

In a £600,000 purchase MI has also bought Dunnings Limited's completed 30,000 sq ft industrial/warehouse scheme in Invincible Road, Farnborough. The developer has guaranteed its agents rents until Conway Relf and Partners, and Ellis have found tenants for the space at around £2 a sq ft.

●

HEALEY AND BAKER is the latest British agency to set up an office in the U.S. H and B's Brian Goswell and Andrew Gulliford move into offices at 25, Broadway, New York, on Monday. Samuel R. Walker, chairman of Real Estate councillors William C. Walker Sons Inc, becomes H and B's U.S. consultant. Like Jones Lang and Richard Ellis before it, H and B is initially floating its U.S. operation on the back of its existing British and European investment clients' interest in the North American market.

●

RICHARD HODGSON, a former Mackenzie Hill director, picked an unfortunate time to graft a commercial side onto the Berkshire residential property practice of A. C. Frost and Co. He arrived in time for the 1973 crash, and Frost's commercial operation started life with a profile low enough to be invisible. Now the business is beginning to flow. And in two deals completed in the past few weeks Frost has carried out a full investment surveying role.

There is plenty of industrial space but precious few modern freehold offices in Slough, hence the scramble for Wilson (Connelly) Holdings' 12,000 sq foot scheme at Wexham Road, Slough. Frost introduced the developer to the site and arranged a forward sale of the scheme to the First Wyvern Property Trust which Mr. Hodgson says, will take a 5½ per cent yield on the space, now let at £6.50 a sq foot to Avis. Fletcher, King and Megran acted for Avis, and earlier for First Wyvern.

Frost has also now bought Shell's 165,000 sq foot research centre at Egham, Surrey on behalf of the pharmaceuticals group Richardson Merrell. Shell, which handled the sale itself, had been asking £2.5m for the centre.

J B

Charles Price & Company

PORTFOLIO OF MAINLY FREEHOLD INVESTMENTS FOR SALE

Net income £137,000 p.a. approx.

Secured upon Modern Office, Commercial, Industrial Building, Central London.

All F.R. & I. leases with frequent rent reviews, excellent tenants.

For sale as a whole or in lots

Full details from sole agents

No 1 Berkeley Square, London W.1.

01-493 2222 (24 hr PHONE SERVICE)

TELEX 267383

To Let

Due to the relocation of the Port of London Authority Headquarters

The entire top floor of the London World Trade Centre totalling 17,400 sq.ft. Available from 1st April 1979

5,000 sq.ft. approx. of Executive Suites fitted to the highest international standards with individually controlled air-conditioning system.

12,400 sq.ft. approx. of general office space, carpeted and partitioned.

Double glazing: stand-by generators.

- 24-Hour Access
- 24-Hour Central Telephone Switchboard
- 24-Hour Telex service
- Prestige Main Entrance Hall.
- Three High Speed Main Passenger Lifts.
- Full Banking Facilities
- Multilingual Secretarial Service
- Car Parking for over 200 cars
- Research and Information services
- Business Library
- Conference facilities
- Members' Private Luncheon Club
- 8 Restaurants
- 826 Bedroomed Luxury Hotel
- Service Apartments
- Yacht Haven and Club

Suites from 700 sq.ft. also available

For further information please contact James Murphy

01-488 2400

World Trade Centre

London E1 9AA Telex 884671

LEWISHAM, S.E.13

Single Storey Factories Nearing Completion

15 Nursery Units 3,000—40,000 sq. ft.

TO BE LET

ALREADY 40% LET

Healey & Baker

29 St. George Street, Hanover Square, London W1A 3BG 01-629 9292

GREENWICH, S.E.10. High yield freehold shop investment. Producing £3,750 p.a. ex. Securely let. Good rental growth potential. Ref. PAG. Edward Symmons & Partners. Tel. 01-834 8454.

LOUGHTON HIGH RD. Shop and upper part let to multiple co. New lease at £10,500 p.a. Price £115,000 F.H. Showing 9% return. Douglas Rackley. 01-935 0074.

NOTTINGHAM

Barker Gate House, Barker Gate

Commercial Investment For Sale

Actual and estimated income £64,185 per annum ex.

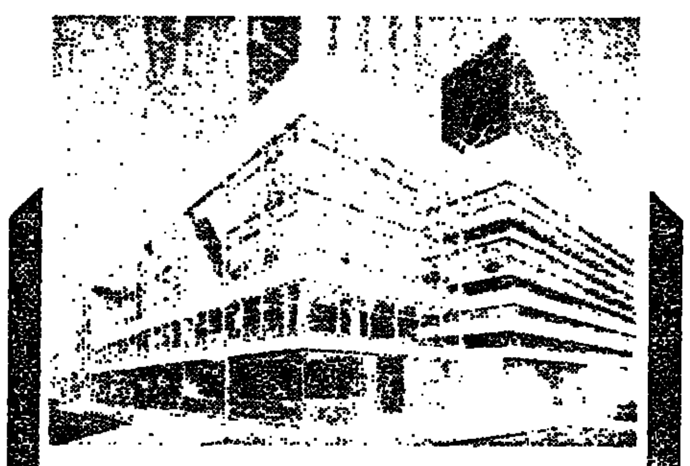
Long leasehold (83 years unexpired without review)

For further details apply:

HALLAM BRACKETT

8 LOW PAVEMENT NOTTINGHAM Tel. 0602 51414

CHARTERED SURVEYORS Members of PROPERTY AGENTS INTERNATIONAL



TO LET

NEW LONDON HOUSE

DRURY LANE · LONDON WC2

from 5,500 to 20,200 sq.ft.

Showroom or other uses subject to consent

- Air conditioning
- Automatic lift to all floors
- Prestige marble lined entrance/reception area
- Basement car parking

E. A. Shaw & Partners

19 & 20 BOW STREET LONDON WC2E 7AB

Tel: 01-240 2255

5 Jubilee Place SW3

New Office Building

12,550 sq ft approx.

TO LET or 125 year lease for sale

Automatic 10 person lift · Full central heating · Car Parking

Impressive rosewood entrance · Acoustic ceilings · Fully carpeted

(94513/PMFE)

Knight Frank & Rutley

20 Hanover Square London W1R 0AH

Telephone 01-629 8171 Telex 265384

Learn more about us on page 19

Edward Erdman and Company · Surveyors

01-629 8191

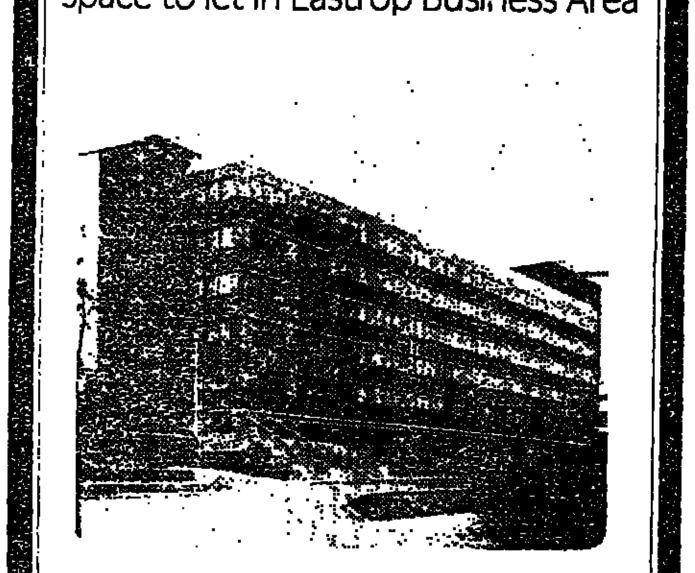
6 Grosvenor Street, London W1X 0AD

Erdman

Self-Contained Office Building —Available Now

Basingstoke

38,750 square feet of prestige office space to let in Eastrop Business Area



- Floor loading 100lbs/sq.ft. for computing and data processing equipment.
- 125 car spaces
- Gas fired central heating
- Automatic passenger lifts
- Acoustic tiled ceilings
- 7,750 sq ft. per floor
- Imposing reception area
- Adjacent to station/motorway

Plans and further details from joint letting agents

PEARSONS

LANE FOX & PARTNERS

WINCHESTER

34 HIGH ST.	153 HIGH ST.
Prime position shop in centre of pedestrian precinct	Good Secondary Position
Internal Frontage 12ft Built Depth 75ft (Approx.)	Frontage 25ft (Approx.) Built Depth 38ft (Approx.)
TO LET OR FOR SALE	TO LET

FOX & SONS

COMMERCIAL DEPARTMENT

83 HIGH STREET, WINCHESTER, HANTS. (0962) 62121

WARRINGTON CHESHIRE

Warehouse Distribution Depot-Risley

A magnificent new warehouse and distribution depot together with headquarter facilities providing approximately 125,000 square feet of covered accommodation on a fully contained, secure and level site of 14 acres immediately adjoining junction 11 of the M62 motorway just east of the M6 inter-change offered for sale or may lease

The accommodation is complete and fully equipped and offers unparalleled modern distribution accommodation in what is considered to be one of the country's best distributive locations. Terms on application

Mason, Owen & Partners

GLADSTONE HOUSE, UNION COURT, CASTLE STREET, LIVERPOOL, L2 4UQ

TELEPHONE 051-227 3651

17 Whitcomb St. S.W.1

2,625 sq.ft. approx.

First Class Modern Office Suite

- High Standard of Decoration
- Full Central Heating

To Let

Cluttons

01-491 2768

KETTERING NORTHANTS

2.69 Acres INDUSTRIAL LAND

TO LET ON GROUND LEASE

OFFERS OF RENTAL AND TERMS INVITED

Healey & Baker

SANDWICH, KENT

LEASEHOLD FACTORY PREMISES

18,460 SQ. FT.

- SINGLE STOREY MODERN FACTORY
- TWO STOREY OFFICES
- AMPLE CAR PARKING
- OIL-FIRED HEATING
- 3-PHASE ELECTRICITY

Offers invited for the lease

0227 51155

Cluttons

17 New Dover Road, Canterbury

COVENTRY

MODERN FREEHOLD

SHOPPING PARADE

producing £28,295 per annum net. 20-year leases with 5-year reviews from 25-12-1976. Current rental value £35,000 per annum estimated. Offers in the region of £275,000 for quick sale.

Contact: R. BARBER, F.S.V.A., 110a BROMPTON ROAD, LONDON, S.W.3. Tel: 01-581 4319

CROYDON

BEDDINGTON LANE

Erdman Industrial

New Warehouse & Factory Units

TO LET

7,000 - 46,000 sq. ft.

Including all modern amenities

01-629 8191

6 Grosvenor Street, London W1X 0AD

Erdman

STROUD, Gloucs.

Single Storey

FACTORY COMPLEX

19,200 sq ft on 1.75 acre site

FREEHOLD

EDWARD SYMMONS & PARTNERS

Tel. 01-834 8454

56/62 Wilton Road London SW1V 1DH

INDUSTRIAL AND BUSINESS PROPERTY ADVERTISEMENTS ALSO APPEAR TODAY ON PAGE 8

مكتبات الأمل

FARMING AND RAW MATERIALS

S. African citrus export peak

By Bernard Simon

JOHANNESBURG, Nov. 2.

[S]OUTH AFRICA'S citrus exports [ar]e expected to reach record [lev]els for the third successive [ye]ar. According to the Citrus [Ex]change in Pretoria, 1978 [ea]rnings will total about R180m [(£100m)] compared to R147m [las]t year and R115m in 1976.

This year's surge in export [rec]eipts has been accounted for [by] both higher quantities and [hig]her prices. About 28m cartons [of] oranges will have been ship[pe]d by the end of the month, [aga]inst 24.4m cartons last year. [Le]mon sales, totalling 1.3m [car]tons, are 35 per cent up on [197]7.

Mr. Ray Hauptfleisch, the [Cit]rus Exchange's Commercial [Ma]nager, says that "prices in [Eu]rope were very, very good. [W]e started off in April with [vir]tually no competition from [oth]er citrus and the European [sof]t fruit crop was late."

In spite of the big European [ap]ple crop, South African citrus [ma]rketers have managed to hold their prices in recent months. Lemons, for instance, have [be]en selling at record prices of [ab]out R9 per 15kg carton.

Britain remains South Africa's [big]gest single market for citrus, [tak]ing about 16 per cent of total [ex]ports. The UK's share has [dec]lined, however, as increasing [qu]antities of fruit have been [div]erted to Middle East coun[tri]es.

Spanish mercury price protest

[SP]ANISH mercury producer, Las [Mi]nas de Almaden y Arrayanes, [has] withdrawn as a seller from [the] mercury (quicksilver) free [ma]rket and until December 31 [this] year will be selling at $160 [a] flask for Spanish ports, a [spo]kesman for Elder Smith, the [UK] representatives said yester[day], reports Reuter.

[T]he company said it made the [mo]ve because present free [ma]rket quotations of about $122-$127 per flask cif did not re[flec]t the current situation.

[B]ut trade sources feel Alma[den] will have difficulty in selling [at $]160 as demand for quicksilver [is s]tagnant. For some years con[sum]ption of the metal has been [sev]erely reduced because of pol[luti]on fears.

[B]ecause of this there is keen [com]petition for the available [bus]iness. Many dealers, in fact, [hav]e dropped out of the market [bec]ause of competition from pro[duc]ers such as Italy, Yugoslavia, [Tur]key and Mexico.

U.K. plans £20m advance for Zambia copper

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN IS to make a £20m advance payment to Zambia now against purchases of copper for delivery in 1980, Dr. David Owen, Foreign Secretary, announced in the Commons yesterday.

He said the copper would be sold to British buyers in such a way as not to disrupt the *market's normal workings.* The quantities of copper involved would depend on the contract prices at the time of delivery.

The advance payment, which amounts to an interest-free loan, is to help meet Zambia's urgent need for foreign exchange, aggravated by depressed copper prices in recent years.

It is b elieved that the £20m will be used mainly for the mining industry in Zambia to help pay for spares and equipment needed to maintain production, and port dues so that the copper stuck in Africa can be shipped out to earn export revenue. Help is also to be given for expanding cobalt production.

Full details are yet to be worked out on how the copper purchases are to be handled, but it is claimed that they will be part of the normal purchases by British industry rather than extra supplies.

The idea, formulated after consultation with representatives from industry and the London Metal Exchange is that the Departmen of Overseas Development, which is making the advance under the aid programme, will appoint the Department of Industry to act as middlemen in channelling the copper to British consumers.

Delivery of the copper has been delayed until 1980, and possibly later, because 1979 contractual arrangements have already been concluded. In any event Zambian output is expected to be sharply lower and it is already unable to meet sales targets sought by consumers.

Prices to be paid by the consumers will be based on market values at the timeo of delivery, and it is thought supplies may be allocated according to individual requirements.

It was pointed out that £20m would represent only a relatively small amount of Britain's copper imports. At current prices it would represent just over 26,000 tonnes of copper and it can ze expected that prices will be *higher in 1980.*

Last year, Britain imported about 400,000 tonnes of copper, including 107,000 tonnes from Zambia, which was the biggest individual supplier. This year Zambian imports have been hit by transport and production problems.

Zambia has cut back sales for next year to UK fabricators under the annual supply contracts just concluded, much to the annoyance of British buyers who have protested at the extent of the cuts.

Zambian officials claim that in view of their production problems it would be unwise to over-commit themselves on contractual arrangements that they might not be able to honour.

At the same time the Hon. J. C. Mapona, Zambian Minister of Mines, referring earlier this week to special arrangements they had with Japanese companies, pointed out they had come to the rescue and offered assistance at a time when a number of countries were cutting off credit lines.

He added that those who came to Zambia's assistance in providing finance would be specially borne in mind when other mineral deposits, especially huge cobalt reserves, were exploited.

There have been unconfirmed market rumours recently that British buyers had offered to pay in advance for supplies of cobalt for delivery at a later date.

EEC proteins campaign attacked

A SENIOR EEC official surprised delegates at this week's World Protein Conference in Amsterdam with a strong attack on the vegetable protein sales campaign in Europe.

Mr. Anthony Kinch, a senior official at the EEC Commission in Brussels, said people would be more convinced of the sincerity of the vegetable protein industry's claim to be improving world nutrition if it devoted its efforts to supplying products for the under-developed world.

Instead, said Mr. Kinch, the industry seemed most interested in securing markets in the already over-supplied Western economies.

The existence of vegetable protein poped a threat to existing interests of the countries of the EEC "which might be difficult for the CAP to digest," he said.

"The recent EEC study paper on vegetable proteins in the EEC clearly indicates that there might be problems."

Mr. Kinch was referring to a recent EEC report on proposals for harmonising EEC rules on the suwstitution of vegetable proteins for meat products in the Community.

This report concluded that vegetable proteins did not pose a serious threat to red meat interests in the EEC. oNt suprisingly, the report was welcomed by the vegetable protein interests which see harmonisation of rules as inevitably leading to much less restriction on the use of vegetable proteins in most EEC countries.

Mr. Binch's remarks in Amsterdam threw considerable cold water on the vegetable protein industry's increasing optimism. Close to 1,000 people from all over the world attended this first-ever world protein conference.

The powerful American soyabean industry used the occasion for a hard-sell campaign to expand their sales in Western Europe, to the embarrassment of the European industry which is adopting a cautious approach to the new products which are still politically sensitive.

Mr. Binch told the packed conference: "Harmonisation of EEC food laws is a very long process and we have a very small staff. Before we do anything we need to be convinced of the need for legislation.

"A directive on vegetable protein does not figure in our plans for the next two years."

Mr. Kinch made it clear that the EEC Commission is worried about the expansive and largely American-controlled vegetable protein thrust into EEC markets.

Professor A. G. Ward, of the University of Leeds, and chairman of both the recent British and EEC studies on vegetable *proteins, said the industry* seemed to think that existing restrictions militated against the market success of vegetable proteins. "In my opinion legislative changes are unlikely to transform the commercial success of the products," he said.

Peruvian palm oil expansion

WASHINGTON, Nov. 1.

THE PERUVIAN Government is making 20,000 to 30 000 hectares of land in the Tacache area available to the private sector for palm oil production, the U.S. Agriculture Department said yesterday. Reuter

Commodity markets unsettled

By Our Commodities Staff

UNCERTAINTY OVER the implications of the dramatic recovery in the dollar continued to unsettle the London commodity markets yesterday.

No general trend was evident but trading was distinctly limited on most markets.

On the London Metal Exchange cash standard tin climbed to a new all-time peak of £8,090 a tonne, up £100 on the day following a sharp overnight rise in Penang. Lead was also *slightly higher* reflecting forecasts of a further decline in stocks this week and cash metal gained £9 at £435.5 a tonne. Cash zinc, however, closed only £1 higher at £354.5 a tonne and cash copper wirebars remained at £739 a tonne.

Free market platinum, which has been very strong recently, fell sharply in sympathy with gold and the price was fixed £7.75 lower at £150.15 a troy ounce.

Soft commodity markets were generally subdued. March delivery cocoa gained £17.75 at £2,004.75 a tonne and January coffee lost £11 to £1,460 a tonne. Nearby sugar futures ended slightly higher, while natural rubber eased from Wednesday's 1978 high to 63.75p a kilo for spot delivery.

Problems for U.S. options programme

WASHINGTON, Nov. 2.

THE U.S. commodity Futures Trading Commission has decided that the options "pilot programme" will be limited to three to six commodities, perhaps two each from the metals, financial instruments and soft commodities groups.

But Commissioner Gary Seevers said unless the Commission got ful relief from the *wage and hiring freeze imposed* by the Office of Management and Budget last week he could not see how the agency could implement the pilot programme.

The freeze prevents the agency from hiring the additional 50 people authorised by Congress to staff the options programme.

The commission now plans to draft final regulations and to apply for a waiver on the hiring freeze with the office of management and budget. The final rules in the regulatory plan will be submitted to Congress next session.

London Metals Exchange trders will be eligible to apply for designation to grant dealer options in the U.S. after December 1. Mr. Seevers said. Reuter

SHEEP FARMING

Preparing for the mating season

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

ALTHOUGH THE drought in the south of England is beginning to make arable farmers, myself included, concerned about the germination of their seeds, my sheep have never looked better.

It is a commonplace that sheep and cattle do well in a dry time, as long as they have sufficient to eat. Although some of my pastures are beginning to dry up, the feed remaining must be so high in dry matter that it is almost the equivalent of hay.

This is illustrated by the fact that in a normal October ewes will seldom drink water at all. Even if it doesn't rain much the grass is usually so dush that they have ample moisture. But this time it is essential to see that the troughs are running well.

In the old days is was generally believed that sheep did not need water and it was carted to them only at lambing time. But that, like many shibgoleths, has been amply disproved by modern practice. In my experience lack of water when on dry feed is the *surest way to make sheep lose* condition.

Condition is important at this time of year because October and November are the main months for mating. It has been proved that condition of the ewe at this time determines to some extent the number of lambs she finally produces.

This again is a fairly new development. It was previously believed that ewes should be on a rising trend of nutrition when mating. The term used was "flushing" and progressive farmers went to great lengths to make sure that ewes had a supply of fresh lush feed, grass or turnips for the two or three weeks before the rams were introduced to the flock.

Some farmers even went to *the extent of cutting down feed* before the ewes were flushed, in the misguided notion that the violent change of feed would of itself stimulate the ewes' condition and reproductive processes.

In recent years scientists at Rua Kura in New Zealand have proved, to my satisfaction, anyway, *that the weight of ewes at* mating is the most important factor determining lambing percentages.

There are, of course, genetic differences between the breeds used in New Zealand, mainly pure-breds, and the hybrids used for lowland farming in Britain, which are naturally more prolific. But I believe over all that the weight or condition of the ewe at the crucial time is most important.

This is borne out to some extent by the lambing percentages of hill ewes. They seldom reach 100 per cent on their native pastures, but once brought to lowland farms there is an immediate boost to their lambing percentages.

I used to think that the number *of lambs born was entirely* a reflection of conditions at copulation. The thriving ewe produced more eggs, so there were more unpregnated. Some people believe that the real reason for poor lambing results is the condition of the ewe during pregnancy, sometimes quite early in the pregnancy. Ewes which have twins in the womb will absorb, so it is claimed, one or even both of them before they are fully formed if the ewes' level of nutrition is allowed to fall.

I treat this finding with some scepticism. In the bad winters of 1946-47 and 1962-63 it was extremely difficult to maintain the condition of many of the ewes. They lambed mostly in little milk many lambs failed to survive through weakness.

The ewe's period of gestation is about five calendar months: a ewe's heat cycle last for 17 days, and in general about 90 per cent are successfully mated in this very poor order, and with very first period with the balance straggling on in the next two periods.

I usually leave my rams with the ewes until the end of November so no more should be lambing in May.

Ewes do have an optimum period for coming on heat. Those that I keep will normally do so from about October 15. This I think is a factor derived from their hill-breed ancestors which for generations have lambed later in the spring than is normal with lowland flocks today.

They can be persuaded to come on heat sooner, but it is not always a successful exercise though much ingenuity has been applied to the process. Simply turning the rams in on a certain date to make sure of lambing exactly five months later is useless unless the ewes have been bred or conditioned to earlier *lambing.*

Some breeds, notably the Dorset Horn, a relation of the Merino, will take rams at any time. What are called Down Breeds, Suffolks and Hampshires, which for generations have been lambed in December and January will take rams in July and August.

To make sure we know the numbers of ewes lambing on certain dates, the rams are coloured and these colours are changed every week or 10 days which enables us to draft out the lambing ewes in some sort of order.

Most fields of ewes these days are a sea of multi-coloured bottoms but this, far fro being a cosmetic enticement to the rams, is a simple management technique.

U.S. may curb sugar imports

WASHINGTON, Nov. 2.

THE U.S. may decide to limit sugar imports from countries that are not members of the International Sugar Agreement (ISA) before the 1978 and 1979 quota total of 136,610 tonnes is reached. Administration officials said here, reports Reuter.

Sugar import quotas for non-ISA members have been set at 68,305 tonnes for obih 1978 and 1979, but the U.S. will use the total of 136,000 tonnes in deciding whether to limit any additional imports, hehy said.

By the end of August, Census Bureau figures show, U.S. sugar imports from non-ISA countries amounted to 85,000 tonnes, comprising 48,700 tonnes from Belgium, 13,000 tonnes from Uruguay, 12,300 tonnes from France and 11,000 tonnes from Colombia.

"We are not anxious to use up all the quota before we even enter 1979," one official said.

The U.S. may decide to seek to limit sugar imports from non-ISA members to 100,000 tonnes in 1978, leaving 36,610 for 1979, he added.

The customs service has begun monitoring imports from non-ISA members, while President Carter has the authority to stop any further imports from all non-ISA countries as soon as the quota is reached.

On the London futures market yesterday sugar prices opened slightly higher but eased during the day. Dealers said the decline was encouraged by India's emergence as a seller of up to 60,000 tonnes of whites.

[C]OMMODITY MARKET REPORTS AND PRICES

[B]ASE METALS

[C]OPPER—Steadied on the London [Met]al Exchange after forward metal had [fallen] during the morning from £771 to [...] on hedge selling from one influential [quar]ter, with the market uncertain about [the] currency situation and the likely [open]ing on Comex. In the event Comex London price advanced. Although the trade were generally sellers, there was considerable buying in London for sale on Comex. The close on the Kerb was £776 after a very busy day's trading. Turnover: 28,250 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £744, three months £765, 5, 4.5, 5. Cathodes, cash £751.5, three months £752. Kerb: Wirebars, three months £765, 5.5. Afternoon: Wirebars, three months £771, 2, 2.5, 3, 3.5, 4, 3.5, 3. Cathodes, three months £761, 60. Kerb: Wirebars, three months £772.5, 73, 73.5, 74, 75, 74.5, 75, 76, 75.5, 75, 75.5, 76, 75.5.

[CO]PPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	743.5-4	-1.25	751.5-2.5	+1.5
3 months	764.5	-.5	773-.5	+2.5
Settlem't	744	-1.5	—	.....
Cathodes				
Cash	731.5-2	-.5	738.5-9.5	.....
3 months	752-.5	-.5	760-.5	+1.25
Settlem't	732	-.5	—	.....
U.S. Prmt.	625	.....	*72	.....

TIN—Gained ground throughout the day, but trading activity was not great. Covering against physical business pushed the forward price higher after a start of £7,770. The East was very firm overnight. The backwardation tended to widen and the price reached £7,860 before easing in late trading to close on the Kerb at £7,855. Turnover: 1,625 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8050 70	-8.5	8080-100	+85
3 months	7860-80	-90	7880-90	-75
Settlem't	8070	-85	—	.....
Standard				
Cash	8050-60	+92.5	8080-100	+100

COFFEE

GRAINS

SILVER

MEAT/VEGETABLES

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1966.0-68.0	+20.5	1971.0-1955
March	2004.5-5.0	+17.75	2012.0-1987
May	2037.0-39.0	-17	2042.0-2017

RUBBER

SOYABEAN MEAL

SUGAR

Czarnikow. Later, however higher New York quotations stimulated scattered shortcovering so that most of the losses were recovered by the close.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	112.00-12.20	111.20-11.35	112.20-10.70
March	115.20-15.25	113.45-14.50	115.40-15.90
May	117.15-17.20	116.50-16.40	117.40-16.80
Aug	119.60-19.70	118.70-18.80	119.75-18.25
Oct	122.35-22.45	121.00-21.40	122.00-20.35
Dec	124.05-24.25	123.05-23.40	—
March	126.00-26.35	126.50-27.50	—

Sales: 3,202 (4,328) lots of 50 tonnes. Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £169.50 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Nov. 1: Daily 8.61 (8.94); 15-day average 8.92 (8.95).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 116.50-17.60, 117.00-115.95, 102; April 120.50-120.50, 120.20-119.00, 27; July 124.50-125.00, 124.95-124.00, 16; Sept 122.50-129.00, nil, nil; Nov. 132.00-135.00, nil, nil; Feb. 137.00-139.50, nil, nil; April 139.00-142.50. Total sales: 145.

WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	225.0-29.0	.....	—
March	233.0-35.0	.....	—
May	234.0-37.0	.....	—
July	230.0-52.0	.....	—
October	230.0-38.0	.....	—
December	233.0-41.0	.....	—
March	239.0-45.0	-3.5	—

Sales: Nil (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 351.5, 352.5, 351.5-349.0, 27; March 357.0, 357.5, 357.0-354.5, 19; May 360.5, 362.0, 360.5-357.5, 12; July 365.0, 367.0, nil; Oct. 368.0, 367.0, 355.0-365.0, 4; Dec. 365.5, 369.0, 369.0-368.9, 12; March 371.0, 373.0, nil; May 372.5, 376.9, nil. Total sales: 74.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): Dec. 150.0-58.0, March 181.0-83.0, May 182.0-85.0, July 182.0-86.0, Oct. 157.0-92.0, Dec. 190.0-95.0, March 191.0-96.0, May 192.0-96.0. Sales: nil.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.20-£5.40, codlings £3.20-£4.00; Large haddock £4.50-£4.90, medium £4.00-£4.70, small £3.40-£3.90; Large plaice £4.50-£5.10, medium £4.30-£5.00, best small £4.00-£4.60; Large skinned dogfish £7.00, medium £5.00; Large lemon soles £8.00, medium £6.00; Saithe £2.90-£3.10.

HIDES—Manchester. Unchanged. Second clear Ox 31-35½ kilos 66p per kilo; 26-30½ kilos withdrawn 71p; 22-25½ kilos 80p. Light cows 74p.

HIGHER OLIVE OIL PRODUCTION FORECAST

MADRID, Nov. 2.

World olive oil production is expected to rise in the 1978/79 crop/year to 1,438,500 tonnes, with Spain providing more than a third of the total, according to estimates by the International Olive Oil Council.

World production for 1977/78 totalled 1,364,500 tonnes. Italy was the top producer with 470,000 tonnes.

Spain will produce next year an estimated 500,000 tonnes, followed by Italy with 350,000, Greece 220,000, Turkey 120,000, Tunisia 90,000 and Portugal 35,000 the ITOOC said.

Spain is also the world's top producer of olives for table consumption providing in 1977/78 164,000 tonnes of a total production of 669,400 tonnes. Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Nov. 2 1978	+ or —	Month ago
Metals			
Aluminium	£710	.....	£710
Free market (cif)	$1,080-90	+50	$1070-90
Copper cash W'bar	£752	-1.5	£743.5
3 months do. do.	£773.25	+2.5	£764.5
Cash Cathode	£739	.....	£752.75
3 months do. do.	£760.25	+1.25	£754
Gold Troy oz	$221.575	-5.625	$222.87
Lead cash	£435.5	+9	£385
3 months	£415.75	+5.5	£393.7
Nickel	[illegible]	.....	[illegible]
Free Market (cif) (lb)	$1.75 1.88	.....	$1.78 1.90
Platinum troy oz.	£142	.....	£150
Free Market	£150.15	-7.75	£149.25
Quicksilver (76lb)	$12[illegible]	.....	$1[illegible]
Silver troy oz.	294.9p	-4.5	295p
3 months	301.95p	-4.85	302.7
Tin cash	£8,040	+103	£7,172.5
3 months	£7,845	+62.5	£6,967
Tungsten (a)	$141.35	.....	$14[illegible]
Wolfram 22.04 lb (cif)	$143.48	.....	$14[illegible]
Zinc cash	£354.5	-1	£341
3 months	£366.25	-2.0	£350.25
Producers	$720	.....	$675
Oils			
Coconut (Phil)	885t	+5.0	$800
Groundnut	[illegible]		
Linseed Crude (v)	£353	-2.0	£320
Palm Malayan	$620x	.....	$615
Seeds			
Copra Philip	$600	.....	$532.5
Soyabean (U.S.)	$286	-6.5	$277.8
Grains			
Barley			
Home Futures	£82	.....	£83.7
Maize			
French No. 3 Am	£103.25	-0.25	£103
Wheat			
No. 1 Red Spring	£93.5	-0.5	£93.45
No. 2 Hard Winter	£84.5	-2.0	£84.5
English Milling	£91.5	.....	£91
Cocoa shipment	£2,045.5	-8.5	£2,011
Future Mar.	£2,004.75	+17.75	£1,984
Coffee Future			
Jan.	£1,460	-11.0	£1,626.5
Cotton 'A' index	75.1	-0.7	75.15
Rubber kilo	63.75	-0.25	[illegible]
Sugar (Raw)	[illegible]	.....	£111
Woottops 64s kilo	274p	+5.0	275p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. o Sept. s Oct.-Nov. t Nov.-Dec. u Jan. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Nov. 1	Oct. 31	Month ago	Year ago
264.77	265.22	258.71	237.41

(Base: July 1, 1952=100)

REUTERS

Nov. 2	Nov. 1	Month ago	Year ago
1526.9	1528.6	1508.2	1468.6

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 1	Oct. 31	Month ago	Year ago
Spot	392.29	397.95	376.22	348.99
Futures	390.85	396.43	374.80	325.67

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 1	Oct. 31	Month ago	Year ago
Sple Commty	989.8	993.7	956.9	[illegible]

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 322 tonnes bringing the total for the week so far to 2,125 tonnes. F. W. Tattersall reported: Usual support again resulted in a significant off-take. African and Middle Eastern qualities remained in persistent request and both North and South American styles changed hands steadily.

U.S. Markets

Copper and cocoa down: metals fall

NEW YORK, Nov. 2.

This edition went to press before the latest U.S. commodity prices were available.

STOCK EXCHANGE REPORT

Market's snap movement on $ defence move reversed

30-share index loses bulk of Wednesday's late rally

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5

* " New time " dealings may take place from 9.30 a.m. two business days earlier.

Wall Street's biggest-ever rise following President Carter's measures aimed at supporting the dollar made no further impression on equity markets yesterday. The market's late rally the previous day because of the likely effects of the U.S package ran out of steam as disappointment developed over the lack of activity from institutional sources which had overnight expressed revived interest in lines of good-quality stocks.

Concern with the pay imbroglios and, especially the situation at BOC which faces a production disruption since the company's final wage offer has been rejected, put the market on the downtack. This was hastened through speculation that Minimum Lending Rate could be raised, but it was generally agreed that the selling accompanying the downturn was light.

The 12.30 pm absence of any change in MLR provided only temporary relief for soon afterwards Barclays Bank announced a 1½ hike in base-rate to 11½ per cent. Such a move was not entirely unexpected, and the other clearers are expected to follow shortly, but the market eased further and the FT Industrial ordinary share index closed near the day's worst with a fall of 6.8 to 472.4—just 1.5 above the level ruling at the start of Wednesday's recovery movement.

Modest bear-covering after the previous day's setback brought early gains to Gilt-edged securities. Barclay's increase in its base lending rate, however, reversed the movement, setting the long maturities on a downward path which left losses to ½ at the 3.30 pm close. After the official close, a large buyer made his presence felt and quotations often reverted to overnight levels but the shorts were unable to respond and ended with falls of ½.

Gold shares opened uncertainly but steadied on overseas support and, late in the session, a small American interest. The heavyweight issues sometimes regained a point, despite the further weakness in the bullion price, and the FT Gold Mines index, at 134.0, retrieved 2.9 of the previous day's fall of 12.3.

Although business was on a much reduced scale, the investment currency market remained volatile and the premium, on the back of institutional demand for investment in U.S. securities, rose to 82 per cent before reacting late in thin trading to 78 per cent for a net loss of two points. Yesterday's SE conversion factor was 0.7236 (0.7293).

A good business developed in the Traded Option market yesterday, the day's contracts of 1,020 being the highest since September 18.

Neither the announcement that Minimum Lending Rate was to remain unchanged nor the decision by Barclays to raise its base lending rate by 1½ to 11½ per cent caused much of a stir in the Banking sector which closed little changed following a quiet trade. Barclays finished 2 harder at 340p, while Lloyds, 255p, and Natwest, 270p, put on 3 and 4 respectively. Midland held at 340p. Irish issues were noteworthy only for a reaction of 11½ for a two-day loss of 17½p to 201½p in Allied Irish following further consideration of the interim figures. Among Overseas issues, Bank of America, 1½ points harder at £18, and ANZ, 6 better at 288p, reflected currency influences.

Breweries drifted gently lower in light trading, while Wednesday's late support for Distillers evaporated and the shares eased 2 to 188p in fairly active trading.

Following the announcement of the group's intention to separate its trading operations by the creation of a new holding company, which would be free of dividend restraint for two years, George Wimpey touched 87p before settling a net 2 higher at 82p. Taylor Woodrow advanced to 418p on hopes of a similar reorganisation, but eased back to close a net 12 up at 412p. Mallinson-Denny firmed ½ to 30½p in response to satisfactory interim profits and P. C. Henderson A improved a penny to 92p on the higher mid-term returns.

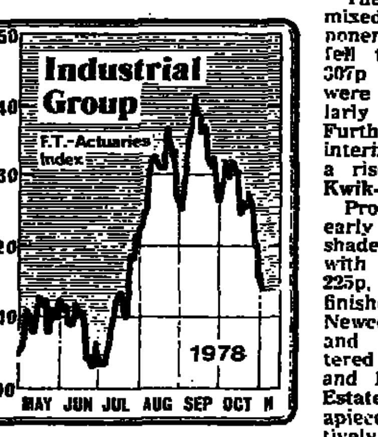
Marked 4 higher at the outset, ICI drifted steadily downwards and closed 4 cheaper on balance at 360p. In similar circumstances, Fisons touched 320p, but finished a net 6 down at a 1978 low of 316p. In contrast, Bernard Wardle gained 2½ to 31½p on a resurgence of speculative demand.

Stores easier

Firm at the outset, leading Stores closed a shade lower on balance following persistent small selling. Marks and Spencer and Debenhams relinquished 2 apiece at 81p and 85p respectively, as did Combined English, at 110p. Mothercare were dull at 152p, down 4, while BHS eased 3 to 192p. Despite the chairman's confident remarks, MFI Warehouses shed 3 to 138p while Grattan eased the same amount to a new low for the year of 100p. NSS Newsagents were weak, losing 5 for a two-day fall of 13 at 93p.

The Electrical leaders closed with some fairly substantial losses following a light trade. GEC finished 8 easier at 311p, while falls of 6 were seen in BICC, 124p, and EMI, 148p. Berec still reflecting labour problems, eased 4 for a two-day loss of 10 to 132p. Philips' Lamp reflected currency influences with an improvement of 25 to 885p, but Electrocomponents reacted 10 to 273p on disappointment with the interim figures.

Apart from John Brown, down 10 at 414p, falls in the Engineering leaders were limited to a few pence. Vickers drifted off to close 3 cheaper at 189p and GKN ended similarly lower at 284p. Secondary issues took on a rather mixed appearance after the previous day's fairly widespread setback. Dealings resumed in Richardsons Westgarth at 50p compared with the suspension price of 60p; news of the half-year loss more than outweighed the nationalisation compensation payment of £3.75m. Martonair encountered further selling and gave up 6 more to 202p, while Edbro, 235p, and Startrite, 110p fell 7 and 10 respectively. Smaller-priced issues to give ground included Anglo Swiss, 29p, and Bamfords, 33p, both down around 3. On the other hand, speculative interest was again shown in Hampson Industries, up 1¾ more at 18¾, while APV rallied 3 to 206p and Spirax-Sarco 4 to 162p.



Foods were usually easier where changed. Batleys of Yorkshire lost 4 to 88p, while falls of around 10 were seen in J. Bibby, 284p, and Rowntree Mackintosh, 379p. Kraft, however, reflected currency influences with an improvement of ¾ to £20¾.

Ladbroke remained on offer in Hotels and Caterers, falling 7 for a two-day decline of 15 to 159p.

Hoover weak

Inclined harder at the start, miscellaneous Industrial leaders eventually succumbed to light selling which found the market unwilling. Reckitt and Colman lost 10 to 443p and Beecham 8 to 635p, while falls of 5 were recorded in Bowater, 175p, Glaxo, 537p, and Pilkington, 285p. BOC International, down a penny at 67p, were unsettled following news that pay talks with its drivers and industrial gas cylinder handlers, had broken down. Elsewhere, Hoover A became a prominent weak feature at 265p, down 18, on third-quarter figures which were well below market expectations. Dunbee - Combex remained on offer and gave up 4 to 92p, while De La Rue encountered fresh selling ahead of next Tuesday's interim results and gave up 10 to 410p. ICL came on offer at 415p, down 11, while falls of 5 were marked against E. Fogarty, 155p, Peerage, 53p, and Sotheby, 302p. Press comment on the interim results prompted a rise of a penny to 36½p in Pritchard Services, while Grimshawe Holdings rose 3 to 55p on the company's moves to re-arrange its bank debt. S. Gibbons rallied 4 to 198p and Hanson Trust were similarly dearer at 125p.

The Motor sectors presented a mixed appearance. Among Components, Lucas came on offer and fell to 303p before settling at 307p for a net fall of 4. Dowty were also sold and closed similarly lower at 258p, after 256p. Further consideration of the interim results, however, prompted a rise of a penny to 50½p in Kwik-Fit.

Properties quickly relinquished early modest gains and closed a shade easier, where changed, with Land Securities 4 down at 225p, after 230p. Hammerson A finished 8 off at 605p, after 615p. Newcomers Laing Property, 113p, and Marlborough, 19p, encountered late selling and gave up 5 and 1½ respectively. Churchbury Estates and United Real lost 8 apiece at 317p and 292p respectively, while Haslemere fell 6 to 230p. Bernard Sunley closed 10 down at 252p and, still awaiting news of the approach that may lead to an offer for the shares, Corn Exchange shed a like amount at 230p.

Oils drift lower

Steady to firm at the start of business, Oil leaders eventually gave ground on scattered offerings and lack of support. British Petroleum finished 6 off at 864p and Shell ended a like amount down at 558p. Elsewhere, Siebens (UK) encountered further offerings and gave up 8 to 256p, while Tricentrol were also sold at 155p down 5.

United City Merchants fell 5 to 57p on disappointment with the preliminary figures. Elsewhere in Overseas Traders, James Finlay and Ocean Wilsons gave up 4 apiece at 95p and 80p respectively.

Having opened firmer following the record improvement by Wall Street, Investment Trusts drifted back and closed little changed as interest subsided. Rothschild Investment, which reported interim figures on November 14 last year, rose 5 to 188p, while American Trust "B", 40½p, and Montagu Boston, 50½p put on 2½ apiece. Equity Income Trust rose 4 to 216p on further consideration of the results, but Edinburgh American, at 108p, after 114p, lost 2 of Wednesday's late rise. In Financials, Massmutual Mortgage reflected currency influences with an improvement of 43 to 923p.

Shippings were idle and featureless.

Quiet conditions prevailed in the Textile sector. Among the few scattered irregular movements, David Dixon returned to favour and put on 7 to 105p, but news of the proposed rights issue which accompanied the interim results prompted a fall of 3 to 76p in Tern Consulate. Buying interest revived in Dawson International, up 5 at 183p, and John Haggas, 4 better at 169p, awaiting today's resumption of talks between the two companies. Caird Dundee eased 2 to 18p and Youghal were similarly cheaper at a low for the year of 29p.

Among South Africans, Gold Fields Properties reacted 5 to 62p and OK Bazaars 15 to 365p.

Golds steadier

The Gold share market recovered some of its poise yesterday despite a further $5.625 fall in the bullion price to $221.375 per ounce—a two-day decline of $20.75.

Continental and Cape support throughout the day coupled with bear closing and modest American interest in the late trade enabled prices to edge upwards although one or two issues remained out of favour. The Gold Mines index recovered 2.9 to 134.0, while the ex-premium index put on 1.4 to 97.0

Heavier-priced issues rallied by up to a point, as in Randfontein, £29, while Vaal Reefs regained ⅜ to £12 and Hartebeest ⅝ to £11¼. Among the lower-priced stocks Blyvoor were 22 up at 272p and Harmony 19 firmer at 275p. On the other hand, Kinross dropped 15 more to 244p and Welkom 7 to 219p.

South African Financials failed to attract much interest. De Beers gave up 8 to 348p—its eighth successive decline—while Anglo American Corporation and Union Corporation were both around 4 cheaper at 300p and 264p respectively.

London-registered Financials eased in line with the UK equity market. Rio Tinto-Zinc gave up 5 at 236p and Charter 4 at 138p.

Platinums mirrored Golds. Cape interest lifted both Impala and Rustenburg by 4 to 188p and 96p respectively.

A strong performance in overnight domestic markets helped Australians to extend Wednesday's late gains. Conzinc Riotinto advanced 12 more to 278p, after 280p, for a two-day rise of 28, while MIM Holdings added 8 to 196p. In contrast, Gold Mines of Kalgoorlie dropped 13 to 62p following the fall in the bullion price.

In Tins Berjuntai dropped 20 to 230p on news of the rejection of its application for the renewal of four mining leases covering some 4,000 acres.

Elsewhere, the Northgate group companies all registered substantial gains owing to Canadian buying following the sale by Tara of 1m. Northgate shares for C$8.75m. Northgate advanced 55 to 385p, Anglo United 10 to 218p and Westfield Minerals the same amount to 124p. Tara put on 37 to 862p.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6

For rate indications see end of Share Information Service

Stocks favoured for the call were Burmah Oil, London and Northern, Avon Rubber, Ladbroke and Warrants, Town and City Properties, Sangers, Mersey Docks Units, Beach Oil, Tricentrol, BP, City Hotels, Alexander Howden, Linfood, Pentland, Grand Metropolitan, Phoenix Timber, Dunlop and Sir Joseph Causton. A put was done in BP, while doubles were arranged in Racal Electronics, Beecham and BP.

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	360	− 4	421	328
Wimpey (G.)	25p	13	82	+ 2	101	63
BAT Inds.	25p	12	269	− 5	346	267
Shell Transport	25p	12	558	− 6	602	484
De Beers Defd.	R0.05	11	348	− 8	488	285
GEC	25p	10	311	− 8	340	233
Beecham	25p	9	635	− 8	743	583
BP	£1	9	864	− 6	926	720
Marks & Spencer	25p	9	87	− 2	94	67½
Distillers	50p	8	189	− 2	215	163
EMI	50p	8	148	− 6	190	130
Grd. Metropolitan	50p	8	103½	− 1½	121	87
Reckitt & Colman	50p	8	443	−10	530	392
Barclays Bank	£1	7	340	+ 2	368	296
Imperial Group	25p	7	80	− 1½	89	71½

FINANCIAL TIMES STOCK INDICES

—	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26
Government Secs.	68.66	68.77	69.28	69.34	69.37	69.36
Fixed Interest	70.17	70.22	70.52	70.63	71.02	71.02
Industrial	472.4	479.2	478.9	484.4	483.2	484.4
Gold Mines	134.0	151.1	143.4	148.5	149.3	148.0
Gold Mines (Ex-$ pm.)	97.0	95.6	105.1	110.3	110.4	109.8
Ord. Div. Yield	5.73	5.66	5.67	5.60	5.62	5.58
Earnings, Y'ld%(full)(*)	15.85	15.65	15.67	15.48	15.52	15.53
P/E Ratio (net) (*†)	8.33	8.44	8.43	8.53	8.51	8.52
Dealings marked	5,016	4,377	4,638	4,337	4,870	4,818
Equity turnover £m	—	93.58	67.68	63.27	78.71	89.53
Equity bargains total	—	16,240	12,894	14,854	15,781	17,065

10 am 479.5. 11 am 476.3. Noon 473.4. 1 pm 474.1. 2 pm 472.5. 3 pm 472.1.

Latest Index 01-246 8026.

Nil=8.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.66 (2/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.17 (2/11)	150.4 (28/11/47)	50.33 (3/1/75)
Ind. Ord.	[illegible]	[illegible]	549.2	49.4
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines (Ex-$ pm.)	[illegible]	[illegible]	[illegible]	[illegible]

S.E. ACTIVITY

—	Nov. 2
—Daily	
Gilt Edged	144.7
Industrials	181.7
Speculative	51.4
Totals	116.8

LONDON TRADED OPTIONS

[illegible]

STOCK EXCHANGE TURNOVER LAST MONTH

Equity business falls 15%

BY NIGEL SPALL

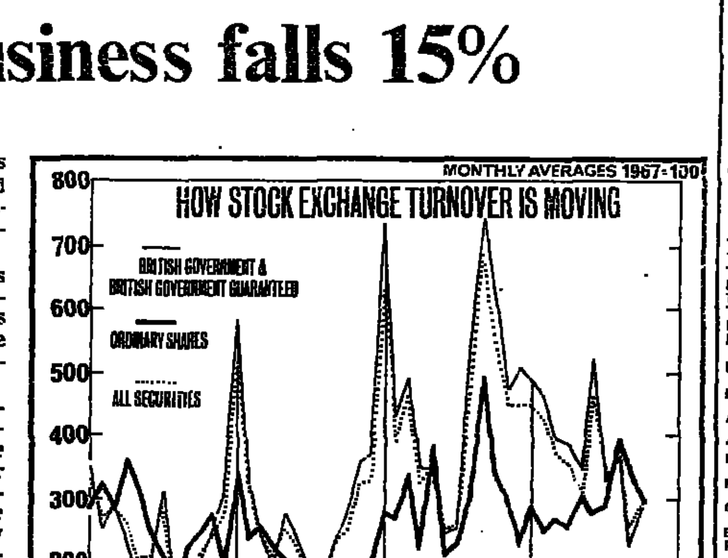
ACTIVITY IN stock markets last month was still restricted by the unsettled financial background because of the continuing slide in the U.S. dollar.

Investment enterprise was also curbed by the upward pressure on short-term interest rates and by the difficulties facing the Government in obtaining agreement to its pay policy.

In spite of an overall improvement in Stock Exchange turnover of £0.2bn to £9.51bn, trade in equities was nearly 15 per cent down on September, declining £0.3bn to £1.6bn with the average bargain in ordinary shares £101 lower at £4,732. Reflecting the thin business in ordinary shares, the overall number of bargains transacted was 43,244 lower at 456,207.

In gilt-edged securities, turnover rose £1.4bn to £6.69bn and the number of bargains advanced 5,607 to 58,740. The increased business in gilts more than outweighed the slackness of trade in equities; the FT Stock Exchange Turnover index rising from 254.7 in September to last month's 291.5. This is still, however, well down on the average ruling in the first eight months of the year.

Trade in short-dated gilt-edged rose £0.9bn to £4.3bn, while the in other fixed interest securities advanced £0.4bn to £2.35bn. The FT turnover index for British Government Securities was 283.1 compared with 226.4 in September and last year's average of 478.8.



Prices of gilts fluctuated narrowly throughout the month as institutional investors remained reluctant to commit new funds to the market because of the upward pressures on interest rates.

The Government Securities index eased from an end-September level of 70.00 to touch its low for the month at 68.79 on October 16; it closed the month at 69.28 which compares with the year's high of 78.58 recorded on January 3.

Already extremely sensitive because of the implications of recent wage demands on corporate profitability, equity shares turned markedly weaker on the further squeeze on overseas profit margins imparted by the continued weakness of the dollar.

The FT Industrial Ordinary share index lost 21.7 over the month, falling from its end-September 500.6 to close October at 478.9; this compares with the mid-September high for the year of 535.5 and the 1978 low of 433.4 recorded on March 2.

In spite of a sharp increase in the bullion price—up $24.75 to $242⅛ an ounce during the month—South African gold shares fell away with sentiment undermined by fears about the South African political situation. The attention of American investors became centred more on the gold futures market than on gold shares, while the weakening dollar premium was an added adverse factor.

The FT Gold Mines index closed the month 25.2 down at 143.4, its lowest since last May.

OCTOBER TRANSACTIONS

Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Government and British Government Guaranteed Short Dated (having five years or less to run)	4,335.5	45.6	23,528	5.2	197.1	184,271	1,069
Others	2,353.2	24.7	35,212	7.7	106.9	66,828	1,601
Irish Government Short Dated (having five years or less to run)	412.0	4.3	1,832	0.4	18.7	224,909	83
Others	359.0	3.8	3,075	0.7	16.3	116,760	140
UK Local Authority	277.6	2.9	10,702	2.3	12.6	25,941	486
Overseas Government Provincial and Municipal	13.2	0.1	2,010	0.4	0.6	6,598	91
Fixed Interest Stock Preference and Preferred Ordinary Shares	141.8	1.5	37,389	8.2	6.4	3,794	1,700
Ordinary Shares	1,620.6	17.1	342,459	75.1	73.7	4,732	15,566
Total	9,513.1	100.0	456,207	100.0	*432.4	20,853	20,736

* Average of all securities.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (3)

INDUSTRIALS (8)
Bath & Portland
Dunbee-Combex
Eastern Produce
Flexello Castors
Goldman (H.)
Hanson Trust 6½pc Conv. 1988-93
Hoover 'A'
Petrocon

INSURANCE (1)
Sun Alliance

NEW LOWS (56)

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS GROUPS & SUB-SECTIONS — Thurs., Nov. 2, 1978

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

مكتبة الأصل

AUTHORISED UNIT TRUSTS

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Courtwood House, Silver Street, Head. Sheffield S1 3RD. Tel: 0742 79842

Commodity & Gen	68.5	73.8xd	−0.1	5.31
Do. Accum	80.8	87.0	−0.2	5.31
Growth	35.2	37.9	+0.9	3.01
Do. Accum	37.7	40.6	+0.9	3.01
Capital	26.2	28.2	−0.25	3.37
Do. Accum	28.6	30.8	+0.5	3.37
Income	52.2	56.2	+0.1	6.66
Do. Accum	61.0	65.6	+0.2	6.66
International	43.1	46.6	+1.4	2.52
Do. Accum	46.1	49.7	+1.6	2.52
High Yield	61.9	66.6xd	+0.1	8.60
Do. Accum	67.6	72.7	+0.1	8.60
Equity Exempt*	104.0	109.7	.....	5.77
Do. Accum*	104.0	109.7		5.77

*Prices at Oct. 31. Next dealing Nov. 30.

CORAL INDEX: Close 467-472

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 10.37%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

37, rue Notre Dame, Luxembourg

Alexander Fund ..... $US6.85 | | —

Net asset value October 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)

1, Charing Cross, St. Helier, Jsy. C.I. 0534 73741

AHR Gilt Edg. Fd. | £10.13 | 10.14 | +0.02 | 11.92

Arbuthnot Securities (C.I.) Limited

P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey) | 117.0 | 121.0 | ..... | 4.03

Next dealing date November 7

Gov't Secs. Tst. | 100 | 102 | | 12.00

Next dealing date November 6

East & Intl. Tst. (C.I.) | 111 | 118 | ... | 3.18

Next dealing date November 9

Australian Selection Fund NV

Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

US$1 Shares | $US1.59 | | —

Next asset value October 27.

Bank of America International S.A.

35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income | $US117.05 | 117.85 | | 7.22

Prices at Oct. 26. Next sub. date Nov. 1.

Banque Bruxelles Lambert

2, Rue De la Regence B 1000 Brussels

Renta Fund L.F. | 1,854 | 1,913 | −8 | 8.08

Barclays Unicorn Int. (Ch. Is.) Ltd.

1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	46.9	49.3	...	12.00
Unidollar Trust	$US18.76	11.31d	.....	1.80
Unibond Trust	$US100.35	101.14	.....	8.50

Barclays Unicorn Int. (I. O. Man) Ltd.

1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	48.9	52.6	−3.5	1.70
Do. Aust. Min.	30.8	33.2xd	−0.5	1.80
Do. Grtr. Pacific	68.2	73.4	−2.3	—
Do. Intl. Income	39.5	42.5xd		8.20
Do. I. of Man Tst.	45.6	49.1		9.00
Do. Manx Mutual	26.6	28.7		1.40

Bishopsgate Commodity Ser. Ltd.

P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC **Oct. 2	$US28.32	30.12	...	...
CANRHO **Oct. 2	£1.092	1.158		
COUNT **Oct. 2	£2.465	2.614		2.01

Originally issued at *$10 and **£1.00.

Keyser Ullman Limited

25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	F.r.1,374	1,451	.....	3.10
Bondselex	F.r.117.55	123.50		—
Cent. Assets Cap.	£137.42	137.46	−0.05	—
Keyselex Japan	£14.76	—	.....	—

King & Shaxson Mgrs.

1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	8.67	8.89xd	..	12.25
Gilt Trust (I.o.M.)	103.9	106.6	..	12.25
Gilt Fnd. Guernsey	9.25	9.27xd	.....	12.25

Intl. Govt. Secs. Tst.

First Sterling	£17.88	18.00		—
First Intl.	$US[illegible]	[illegible]		—

Kleinwort Benson Limited

20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,132		3.09
Guernsey Inc.	65.7	69.9xd		4.35
Do. Accum.	82.4	87.6		4.35
KB Far East Fd.	$US13.84			1.45
KB Intl. Fund	$US11.46		...	2.00
KB Japan Fund	$US43.31		...	0.58
K.B. U.S. Gwth. Fd.	$US13.04		...	0.69
Signet Bermuda	$US4.90		.....	1.24
Interntl. Bd. Fd.	—	—	...	—

Lloyds Bk. (C.I.) U/T Mgrs.

P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas | 60.8 | 64.0xd | | 1.21

Next dealing date November 15.

Lloyds Bank Intl. Geneva.

P.O. Box 438 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF251.00	279.89		2.00
Lloyds Int. Inc.	SF298.50	318.50		5.20

Management International Ltd

Bank of Bermuda Building, Bermuda.

Canterbury Oct. 20 | $US1.05 | | —

M & G Group

Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Oct. 31	$US2.99	3.16	..	—
Aust. Ex. Nov. 1	$US2.33	2.66		—
Gld. Ex. Acc. Nov. 1	$US9.82	11.10		—
Island	128.6	138.3xd	−1.8	13.72
(Accum Units)	185.2	199.2	−2.7	13.72

Samuel Montagu Ldn. Agts.

114, Old Broad St., EC2. 01-588 6464

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
105½	100	Treasury 11½pc '79‡‡	100		11 49	11 16
97	94½	Treasury 3pc '79‡‡	95½		3 14	8 44
97⅞	95⅛	Electric 4¼pc '74-79	96½		4 40	8 37
104	99	Treasury 10½pc '79‡‡	99		10 54	10.94
96½	94½	Electric 3½pc '76-79	95½xd		3 66	8.00
103¾	96	Treasury 9pc 1980‡‡	97		9 28	11 48
102	97	Treasury 9½pc '80‡‡	97 xd		9 78	11.70
95½	92½	Treasury 3½pc '77-80	93		3 76	8 21
96½	93¼	Funding 5½pc '78-80‡‡	94		5 59	9.32
110¼	101¼	Exchequer 13pc 1980‡‡	101¼xd	–¼	12 84	12 32
106¼	98¼	Treasury 11½pc 1981‡‡	98¼	–¼	11 70	12 37
97⅝	88¼	Treasury 3½pc 1979-81	88⅞		3 94	8 97
101¾	95⅛	Treasury 9¼pc 1981‡‡	95⅛		10.25	12 13

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22½	–½	—	—
41	33	Do. 5pc Pref.	41	...	—	—
98	96	Chilean Mixed	98	...	—	13 09
415	350	German Yng 4½pc	411	......	4½	—
54	46	Greek 7pc Ass.	50	...	3½	17 25
51	46	Do. 6pc 28 Stab. Ass.	49	...	6	16 22
44	40	Do. 4pc Mixed Ass.	40	......	4	15 08

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	50	...	4½	5.63
77	65	Iceland 6½pc '83-88	68	...	—	12.55
88	82¼	Ireland 7½pc '81-83	84		7½	12.79
91	77¾	Do. 9¾pc '91-96	78	+¼	—	13 21
425	265	Japan 4pc '10 Ass.	385	...	—	—
87	68½	Do. 6pc '83-88	70	......	6	11 25
160	140	Peru Ass. 3pc	150xd	......	3	2 00
75p	75p	S.G.I. 6½pc 1980	75p		6½	8 67
$99	$94½	Turin 9pc 1991	$94½	....	9	9 52
DM91	DM81	Turin 6½pc 1984	DM91xd		6½	9 10
97	94	Uruguay 3½pc	97		3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

CANADIANS

S.E. List Premium 38¾% (based on US$1.9850 per £)

Conversion factor 0.7236 (0.7293)

S.E. List Premium 38¾% (based on $2.3182 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512 9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120

Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730

Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545

Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Sadovo-Samotechnaya 12-24, Apt 15. Telex 7900 Tel: 200 2748

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Im Sachsenlager 13. Telex [illegible] Tel: 554667

Leeds: Permanent House, The Headrow. Tel: [illegible]

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 86 01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.

For further details please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MINES—Continued

AUSTRALIAN

OILS

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¾	$10¼	Buffels R1	$10½	+¼	Q170c	1.8	18.7
$11½	855c	East Drie R1	355c	−5	†Q78c	1.7	10.5
585c	330c	East Rand Prp. R1	420c	+16		—	—
$28⅝	$16⅝	F S Geduld 50c	$17⅛xd	−½	Q315c	ϕ	20.4
$15⅛	975c	Pres. Brand 50c	$10xd	+¼	Q150c	ϕ	17.3
$13⅛	900c	St. Helena R1	912c	+12	Q190c	ϕ	24.1
465c	313c	Stilfontein 50c	402c	+8	†Q22c	2.5	6.3
$22½	$16⅜	Vaal Reefs 50c	£17¼	+¼	Q115c	3.3	7.7
$37	$25	West Drie R1	$28¾	−¼	Q385c	1.7	15.4
$31¼	$19¾	West Hlds. 50c	$23xd	.....	Q415c	ϕ	20.8
$12½	895c	Western Deep R2	975c	.....	Q82.5c	2.4	9.8

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

INSURANCE

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1979. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	.....	Sheff. Refrshmt.	66	.....
Ash Spinning	49	.....	Sindall (Wm.)	112	.....

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday November 3 1978

COMMISSION EVIDENCE REVEALS 'MISAPPROPRIATION OF PUBLIC MONEY'

South Africa Government crisis

BY QUENTIN PEEL — JOHANNESBURG, Nov. 2.

SOUTH AFRICA'S National Party Government was tonight facing its most serious crisis in recent years after the release of eviednce before a pudicial commission indicating that millions of Rand of public money had been misappropriated.

It was revealed that about R12m (£6.7m) had been provided from secret state funds to finance a supposedly independent pro-Government newspaper. The money had allegedly been "laundered" through a Swiss bank account, contravening exchange control legislation.

According to the evidence, the whole project had been approved by Mr. John Vorster, the then Prime Minister, and General Van Den Bergh, head of the Secret Service Bureau of State Security (Boss).

Dr. Connie Mulder, the former Minister of Information, and now senior Minister for African Affairs and Dr. Eschel Rhoodie, the former head of the Department of Information, are also implicated.

The major item of evidence was from Mr. Louis Luyt, the fertiliser millionaire, chairman of Triomf Fertiliser, and the man behind the launching of the Citizen newspaper. He revealed that the Department of Information had put up R6m for him to bid for control of the South African Associated Newspaper Group, publishers of the Rand Daily Mail, Financial Mail, and other anti-Government newspapers.

When that bid failed he was advanced R12m to start the Citizen, a virulently Right-wingg and pro-Government newspaper, founded in 1976.

The money for the Citizen was supplied through a company called Thesaurus Continental Securities Association in Zurich. In a secret contract signed with Dr. Eschel Rhoodie, Mr. Luyt gave Dr. Rhoodie full editorial control of the newspaper.

Journalists and a former editor of the paper, which has had considerable success in South Africa's overwhelmingly conservative English-speaking community, tonight denied that they had known of any such arrangement.

Opposition leaders tonight demanded a full judicial commission of inquiry into the revelations, followed by a special session of Parliament to discuss its findings. Mr. Japie Basson, the Progressive Federal Party spokesman on information, said the Government faced an absolute test. If Mr. Botha "cleans it up totally it could even work out in his favour," he said.

The Rand 12m advanced by the Information Department to launch the newspaper was actually invested in a fertiliser company belonging to Mr. Louis Luyt, the official founder of The Citizen, according to a statement made by hi mto the Commission.

The evidence, given to Judge Anton Mostert, who is conducting an inquiry, into exchange control violations, also revealed that another R825,000 (£460,000) had been lent to a private film producer from secret Information Department funds and had not been repaid.

The evidence, published by Judge Mostert in defiance of a request from Mr. P. W. Botha, the new Prime Minister, not to do so, could split the ruling National Party. It could also force the resignation of Dr. Mulder, a recent contender for the Premiership, as well as threatening the position of Mr. Vorster, now State President.

Judge Mostert, who had an interview with Mr. Botha this morning, said he had evidence revealing "the improper application of taxpayers' money running into millions of Rand," and indicating "corruption in the wider sense of the word relating to public funds."

He said he had considered an appeal by the Prime Minister not to disclose information at this stage while a separate, secret inquiry into the former Department of Information activities was under way. But "in such matters of the public interest is paramount and is usually best served by frank disclosure. Only reasons of great cogency will cause suppression or secrecy to be preferred to disclosure. I do not find such cogency in emotional appeals unsupported by valid considerations."

The office of the Prime Minister tonight said that publication of any evidence from Judge Mostert's commission was illegal until the State President had released the report for publication.

Mr. Luyt said he was told that Mr. Vorster had chosen him to establish the newspaper because "I am neither left nor right." He said he was lent the R12m at a 3 per cent interest rate, with the first two years interest free. He and Dr. Eschel Rhoodie had quarrelled partly because Dr. Rhoodie used to leak stories direct to the newspaper. Mr. Luyt sold the newspaper earlier this year to a consortium of conservative businessmen. He said tonight that he was consulting his lawyers about the release of the evidence.

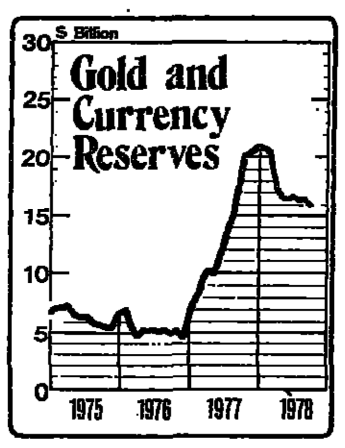
Dr. Rsoodie was not available for comment. He and his wife left South Africa at the weekend for an "extended trip" overseas.

Dr. Mulder told a newspaper this morning that he was not prepared to resign under any circumstances.

South Africans emphasise Growth Page 3

UK's foreign currency inflow down to $107m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



THE INFLOW of foreign currency into the UK last month was limited to only $107m, with the increased demand for sterling associated with the weakness of the dollar principally reflected in a rise in the exchange rate.

Treasury figures, published yesterday, indicate an overall decline in the official reserves of $540m during October to $15.97bn after a substantial repayment of official borrowings overseas, notably to the International Monetary Fund.

The indicated underlying inflow is smaller than some City analysts had until recently been expecting. The figures show that any intervention by the Bank of England was on a relatively small scale, and was largely confined to smoothing out day-to-day fluctuations.

The demand for the pound — much of which developed in the last ten days of October — was almost all reflected in the rate. During the month, the pound rose by 5.7 per cent against the dollar, while the trade-weighted index increased by only 0.7 per cent as sterling weakened in early October against some of the stronger Continental currencies.

The small October inflow will also allay City fears about a possible external boost to the UK money supply. This is in contrast to the experience in the UK in early autumn last year intervention by West Germany and Switzerland.

The Government's decision to allow sterling to rise shows that counter-inflation and monetary objectives currently have precedence over the concern to preserve the competitiveness of British goods. The conflict between the goals is not yet large since the rise in the trade-weighted index has been small.

Mr. Denis Healey, the Chancellor, committed the Government in his Mansion House speech a fortnight ago to policies aimed at keeping the exchange rate stable.

It is not yet clear how the authorities would react if pressure developed against sterling, as it did early this spring. But unlike then, there is a smaller pool of speculative inflows which could potentially flow out again.

The detailed reserve figures show that the overall decline of $540m was after a $980m repayment to the IMF and other public sector debt repayments of $35m. These were partially offset by new foreign currency borrowing, principally by the Electricity Council, of $368m.

There may be further relatively small scale repayments and new borrowing before the end of the year.

The $980m reserve impact of the IMF repayment differs from the $1bn repaid to the Fund last Monday because of differences in the valuation of Special Drawing Rights.

Although the repayment came principally on the gold tranche, the money will not boost the Fund's resources. It will be returned to the major industrial countries involved in the General Arangements to Borrow. This will make the money available for use by the U.S.

Chrysler appoints Iacocca as $158.5m loss is disclosed

BY JOHN WYLES — NEW YORK, Nov. 2.

CHRYSLER Corporation today cushioned the impact of a higher than expected $158.5m third quarter loss and a cut in its dividend with the news that it had secured the services of Mr. Lee Iacocca, who was deposed as president of the Ford Motor Company in July.

There has been speculation for the past 10 days that Mr. Iacocca (54) was to join Chrysler.

Confirmation of his appointment as president and chief operating officer by the Chrysler board will be warmly welcomed by the troubled motor company's shareholders and dealers.

Substantial

He brings with him a very substantial reputation as a developer of new models and also it is said, a desire to establish Chrysler as a more formidable rival to Ford whose share of the domestic market is more than twice Chrysler's 12.6 per cent.

But he will be joining Chrysler at a particularly difficult period in its history when the financial requirements of its U.S. operations are forcing a retreat from overseas, most notably through the sale of its European operations to Peugeot-Citroen.

Having completed the cash and share transaction, Chrysler's quarterly report reveals that these operations achieved a $30.1m profit in the first six months of the year.

Overall, Chrysler's performance is proving to be significantly worse than it predicted at the start of the year.

The third-quarter deficit compares with a net profit of $33.7m in the same quarter last year and brings its total nine-month losses to $247.8m against a net gain of $212.9m for the same period last year.

Compared with recent record third-quarter profits from Ford and General Motors, the results are extremely poor. Chrysler attributed the deficit to the loss of 127,000 units of production due to plant shutdowns for re-tooling but it also acknowledged that its falling share of the U.S. car market was partially responsible.

The steadily increasing losses have forced a cut in the company's dividend from 50 cents a quarter to 10 cents.

Created

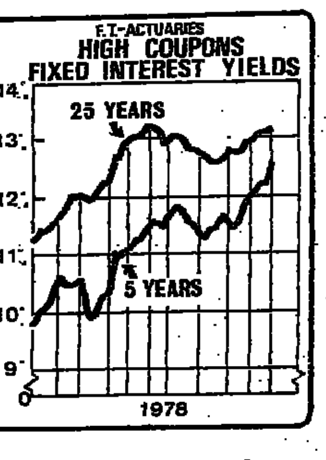
Mr. Iacocca is replacing Mr. Eugene Cafiero for whom the new post of vice-president has been created.

Mr. John J. Riccardo, Chrysler's chairman, remains chief executive but he is thought likely to concentrate on the company's financial affairs, leaving Mr. Iacocca to focus on the development of its car operations.

But given the long lead time in model development, the results of Mr. Iacocca's efforts are not thought likely to be evident before the 1981 model year. Nevertheless, his appointment so overshadowed the company's gloomy financial news that its stock rose ¾ to $11¼ in early trading on the New York Stock Exchange.

THE LEX COLUMN

Barclays poses a challenge



The money markets were thrown into further confusion yesterday. All morning dealers had been nervously waiting to see what the Bank of England would do with its Minimum Lending Rate. In the event it was left unchanged at 10 per cent so everyone went off to lunch only to find on their return that Barclays had jumped in and increased its base rate by 1½ per cent to 11½ per cent.

The first question then is why was it up to Barclays and not the Bank of England to give a lead on interest rates? Perhaps the Bank thought that it might have embarrassed the U.S. authorities by raising its bank rate only a day after they had stepped in to save the dollar. It is more likely, however, that the Bank has realised that for th time being it is not in a position to control interest rates so it is just sitting on the sidelines and letting the market feel its way. With U.S. interest rates heading higher it is still unclear how the future relationship between U.S. and UK rates will develop. For the moment the discount market seems resigned to UK rates being dragged up on the back of rising U.S. interest rates.

As for Barclays the case for a rise in its base rate was clear but most bankers felt that 1 per cent rather than 1½ per cent was more likely. Perhaps Barclays believes that UK rates, which have already risen by 1½ per cent over the last month, have further to go. However, it will be interesting to see whether the other banks share its pessimism. With the corset in place it is hard for any one bank to stay out of line for long and either the other banks will have to post a 11½ per cent base rate or else Barclays will have to admit defeat and bring its base rate into line with the others. Make-up day is only a fortnight away.

Amid rising money market rates and currency uncertainties yesterday the FT Government Securities Index dropped to a new 1978 low of 68.66. But significantly the long end of the market has been very stable, and long rates have refused to follow short rates into new high ground. The yield curve has been flattening since September as the money market has become resigned to a tightening of credit. But there has been no sign of the uptrend in long rates which would indicate fears that the Government had lost its nerve and its monetary grip.

The battle here is far from won yet. News on the wages front remains disturbing, and there are unlikely to be any real chinks of light for a few weeks at least. Against that, the technical position at the long end of the gilt market is becoming really quite strong and the Government broker could be quite optimistic about selling significant stock within the next month or two if he chooses his moment correctly. It was the equity market which saw the prospects becoming bleaker yesterday: if the Government's monetary strategy holds, there could be a nasty squeeze on company profits.

Hoover

Hoover is a classic example of a business being squeezed between import competition and rising operating costs. Sales volumes of both washing machines and vacuum cleaners could rise by around 8 per cent in the UK during 1978. And Hoover is holding its market share in the face of keen competition from imports, notably of automatic washing machines which used to be one of the more lucrative lines.

But it has only done this by holding its prices unchanged through the first nine months of the year, and in some cases by effectively cutting them. Meanwhile promotional spending has been much higher, labour costs have risen by a tenth, and finance charges have been affected by a build-up in stocks towards the e[illegible] of last year. The upshot that profit margins after [illegible] months have slumped from [illegible] to 2.7 per cent, and pre[illegible] profits have dropped fr[illegible] £9.1m to just under £4m bef[illegible] exchange differences.

The signs are now slig[illegible] more hopeful. The underly[illegible] trading performance stabili[illegible] in the seasonally depres[illegible] third quarter, demand has [illegible] improving since the late s[illegible]mer, and Hoover finally pu[illegible] through a 5 per cent [illegible] increase last month. Most of overseas markets are lookin[illegible] bit brighter too, and st[illegible] levels are now falling.

These trends could [illegible] extend through into 1979, [illegible] the outlook for demand [illegible] next year is highly uncert[illegible] So are the prospects for w[illegible] —Hoover's awards take e[illegible] from January—and for ster[illegible] which will have impor[illegible] implications for the level [illegible] imports. These are Bri[illegible] industry's problems for [illegible] Hoover is an efficient busi[illegible] but one can see why the sh[illegible] yield 8¼ per cent at [illegible] The fully taxed p/e for the 12 months, excluding exch[illegible] differences, is over 12.

G. Wimpey

Coming less than two w[illegible] after Richard Costain's [illegible] dend-boosting exercise, ye[illegible] day's similar announcem[illegible] from G. Wimpey leaves construction sector loo[illegible] more like the reconstruc[illegible] business. Marchwiel was first to start this partic[illegible] fashion going among the [illegible] tractors. Is it a safe bet [illegible] Taylor Woodrow will not [illegible] pressure to resort to the [illegible] manoeuvre?

Wimpey was maintai[illegible] yesterday that there has been a need for a ne[illegible] porate structure to cope [illegible] the increased size and [illegible] plexity of the group's o[illegible] tions. However this may b[illegible] is probably fair to say that Board would have been fa[illegible] in its duty to shareholders [illegible] it ignored the opportunit[illegible] escape the dividend contro[illegible] the same time. The increa[illegible] the pay-out, by the way, c[illegible] out at 223 per cent. The [illegible] problem for other compa[illegible] thinking of joining this [illegible] ticular bandwagon is gue[illegible] whether, like the Prefer[illegible] scrip device, it will pro[illegible] victim of its own success.

Iran to free 600 political prisoners

BY ANDREW WHITLEY — TEHRAN, Nov. 2.

IRAN'S beleaguered government today responded to weeks of intense political pressure by announcing that all political prisoners—thought to number 600—would be released within six weeks.

This move, and statements from Iranian opposition leaders, has boosted hopes for an easing of the country's violence and unrest.

The gravity of the oil crisis due to the strike in the country's oilfields appears to have crystallised opposition thinking.

Yesterday, a former Prime Minister had a surprise meeting with the Shah amid speculation that he might be asked to head a new coalition government which would include the opposition National Front party.

Dr. Ali Amini had previously made stringent conditions for his return to power. These included control of the army, the return of the religious leader Ayatollah Khomeini to Iran, and the temporary political withdrawal of the Shah into the political background.

The release of the 600 prisoners will be a welcome gesture for the mainstream religious leaders and the opposition National Front. Even more significant are hints that they are prepared to reach an understanding with the Shah, so long as they can reduce the overwhelming popular appeal of Ayatollah Khomeini, who is in exile in Paris.

In the Iranian oil industry there were brighter hopes today after yesterday's decision by workers to aid the strike. This followed safety guarantees provided by military presence.

For the first time since the nationalisation of the Anglo-Persian Oil Company in 1951, no crude was exported from Iran yesterday while today one or two tankers were expected to load the 1.6m barrels likely to have been available.

The Crisis in Iran, Page 4

Continued from Page 1

Dollar

will be a close watch in particular on the effectiveness of the credit squeeze and on the speed of the hoped-for turnround in the trade balance.

These questions were reflected in trading conditions which were described by dealers as nervous and jittery. The most active markets were those which had not been open on Wednesday after the U.S. announcement—in particular in Tokyo where foreign exchange turnover was an all-time high and central bank intervention of over $800m was reported.

The dollar then remained firm in early European trading, especially in those centres which had been closed for a religious holiday on Wednesday, such as Paris and Milan, and there was a certain amount of covering of short position.

However, banks do not appear to have been maintaining large short positions against the dollar and rates soon drifted back to trade in a narrow range for the rest of the day with some central bank support.

The dollar had closed in the U.S. at DM 1.8810 on Wednesday but then rose yesterday to a peak of DM 1.9060 before settling for most of the day around its closing level of DM 1.8710. This compares with a closing European level of DM 1.8550, on Wednesday.

The U.S. currency rose more sharply at one stage against the Swiss franc to SwFr 1.64, before closing at SwFr .6005, compared with SwFr 1.5850 previously. The peak against the Yen was Y188.75 before a close of Y187.87½.

The dollar had been particularly strong against sterling late on Wednesday evening in the U.S. After opening around $1.97 in London yesterday morning the pound then recovered to finish at its best at $1.9987½, though this was still a fall of 2.12½ cents on the previous European close. However sterling gained against some of the previously strong Continental currencies, notably the D-mark, and the trade-weighted index rose 0.2 to 62.5.

Trading remained hectic and nervous on the London bullion market where the price of gold fell $5⅝ to $221¾ per ounce after selling in the range of between $223¾ and $218½.

Commons will discuss monetary system today

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET held further talks on the proposed European Monetary System yesterday ahead of the public appearance before a Commons Select Committee today of Mr. Denis Healey, Chancellor of the Exchequer.

No decision is expected to be taken by Ministers until after the next meeting of Community Finance Ministers in Brussels on November 20.

UK Ministers are in no hurry to reach a conclusion, and there will be little pressure for them to do so from either their own backbenchers or the Shadow Cabinet.

The view remains that entry to the EMS would not be desirable for Britain on present terms, and circumstances would have to change considerably before a majority of the Cabinet would swing behind membership. So far, there is little sign that this will happen.

Mr. Healey's examination today, by the general sub-committee of the Commons Expenditure Committee, will be the first time the proposals have been discussed in Parliament.

Parliament Page 10; Politics Today Page 21

Japanese banks limited in loan participation

BY FRANCIS GHILES

EIGHT JAPANESE banks have been prevented from participating as co-managers in the $600m ten-year credit being put together by Crédit Lyonnais for the French state electric utility Electricité de France.

In an unprecedented move, the Tokyo Finance Ministry has told the banks that total Japanese participation in the underwriting group must be limited to $150m ($10m for each bank).

The Ministry has also told the banks to desist from managing dollar denominated loans which boast extremely fine terms and which appear to be undercutting the market norm for a given borrower.

Such intervention by the Ministry of Finance in the middle of negotiations for a major loan has never been seen before. It is the result of anger caused among U.S. banks in particular, by the terms the Japanese banks offered the UK's Electricity Council. This $500m loan, arranged last August was on the finest terms witnessed on a major credit since 1974: a margin over Eurodollar interbank rates of half a point for the first five years, rising to five-eights for the last five.

Accusations of rate cutting levelled then against the Japanese banks by Western bankers, were repeated to the Japanese Ministry of Finance at the annual meeting of the International Monetary Fund in Washington last month.

The attitude of the Japanese Ministry towards participation of the Japanese banks in the Electricité de France loan is understood to have angered the French Treasury. Its officials are unhappy at what could be interpreted as a buoycott by Japanese banks of one of the leading French names in the market.

The $600m loan will, however, go ahead in spite of the Japanese move. Fifteen banks have already agreed to join the management group and underwrite $30m each. The loan is expected to be launched in the open market next week.

Eurobonds Page 26

Weather

UK TODAY

MAINLY dry in the South. Rain in the North.

London, S., E., N., N.E. England, E. Anglia Midlands Channel Islands S. Wales

Dry with sunny spells. Max. 16C (61F).

N. Wales, N. England, Lake District, Isle of Man

Mainly dry and cloudy. Max. 14C (57F).

Borders, Scotland, N. Ireland

Cloudy, with rain later. Max. 12C (54F).

Orkney, Shetland

Bright with rain later. Max. 10C (50F).

Outlook: Mainly dry and warm in the South. Changeable in the North.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	7	45	Madrid	S	16	61
Athens	F	17	63	Manchstr.	C	13	55
Bahrain	S	29	84	Melbourne	C	15	59
Barcelona	F	19	66	Mexico C.	C	19	66
Beirut	S	22	72	Milan	C	6	43
Belfast	F	11	52	Montreal	S	11	52
Belgrade	C	9	48	Moscow	C	5	41
Berlin	S	9	45	Munich	C	5	41
Brmghm.	C	15	59	Newcastle	S	14	57
Bristol	R	15	59	New York	S	16	61
Brussels	F	7	45	Oslo	C	12	54
Budapest	S	13	55	Paris	C	6	43
B. Aires	S	19	66	Perth	C	22	72
Cairo	S	24	75	Prague	C	7	45
Cardiff	R	15	59	Reykjavik	C	3	37
Chicago	S	18	64	Rio de J'o	C	28	82
Cologne	S	7	45	Rome	F	18	64
Copnhagn.	[illegible]	9	48	Singapore	S	30	86
Dublin	F	12	54	Stockholm	C	12	54
Edinbrgh	F	11	52	Strasbrg.	C	6	43
Frankfurt	C	6	43	Sydney	C	19	66
Geneva	C	6	43	Tehran	S	16	61
Glasgow	C	12	54	Tel Aviv	S	24	75
Helsinki	R	7	45	Tokyo	S	19	66
H. Kong	S	24	75	Toronto	F	12	54
Jo'burg	F	23	73	Vienna	S	10	50
Lisbon	S	19	66	Warsaw	S	13	55
London	F	17	63	Zurich	C	6	43
Luxemb'g	C	3	37				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Jersey	C	16	61
Biarritz	C	12	54	Las Plms.	S	24	75
Blackpool	F	14	57	Locarno	S	13	55
Bordeaux	C	8	46	Majorca	S	21	70
Boulogne	C	9	48	Malaga	S	20	68
Casablnca.	S	24	75	Malta	F	19	66
Cape Town	S	17	63	Nairobi	S	24	75
Corfu	S	19	66	Naples	F	18	64
Dubrovnik	F	16	61	Nice	S	18	64
Faro	S	21	70	Nicosia	F	23	73
Florence	C	9	48	Oporto	S	19	66
Funchal	S	21	70	Rhodes	C	19	66
Gibraltar	C	19	66	Salzburg	C	5	41
Guernsey	C	15	59	Tangier	S	24	75
Innsbruck	F	13	55	Tenerife	S	20	68
Inverness	F	11	52	Tunis	C	20	68
Isle of Man	F	12	54	Valencia	S	19	66
Istanbul	S	14	57	Venice	S	14	57

S—Sunny. F—Fair. C—Cloudy. R—Rain

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd., 1978